DOCUMENT RESUME

ED 317 328 RC 017 419

TITLE Signs of Progress: A Report on Rural America's Revitalization Efforts.
INSTITUTION Department of Agriculture, Washington, D.C.
PUB DATE Jan 89
NOTE 82p.
PUB TYPE Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01/PC04 Plus Postage.
DESCRIPTORS Change Strategies; Community Programs; *Demonstration Programs; *Federal Aid; *Federal Programs; Financial Support; Human Resources; Innovation; National Programs; Program Descriptions; *Rural Areas; *Rural Development; Rural Economics; Rural Extension; Technical Assistance
IDENTIFIERS *Federal Agencies

ABSTRACT

This report outlines the major rural development programs and initiatives of the Department of Agriculture and other federal agencies. Diverse economic realities make necessary differential rural development policies and programs. The federal budget deficit makes it necessary that the government use creative and efficient management techniques to stretch limited resources and direct them to the areas demonstrating the greatest need. Federal assistance can be financial, physical (infrastructural), or human resource-related. The Department of Agriculture has played a role supporting town meetings and local initiatives in several U.S. communities. Similarly, eleven major federal departments report on current programs that specifically target and serve rural areas. They include the departments of: Commerce, Defense, Army, Education, Energy, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, and Transportation. Federal projects are also described by six independent federal agencies including the Small Business Administration, the Environmental Protection Agency, the Veterans Administration, the Appalachian Regional Commission, the Interstate Commerce Commission, and the Tennessee Valley Authority. Rather than being a comprehensive listing of programs and activities, this report serves as a general primer about the federal government's efforts on behalf of rural development. It also details the U.S. Department of Agriculture's 1989 rural development strategy and describes the 1990 rural development budget. (TES)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED317328

Signs of Progress

A Report on Rural America's Revitalization Efforts

Richard L. Lyng

Roland R. Vautour

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

RC017419

2

Signs of Progress

A Report on
Rural America's Revitalization Efforts

Richard E. Lyng
Secretary of Agriculture

Roland R. Vautour
Under Secretary
Small Community and Rural Development

The United States Department of Agriculture

The Office of the Under Secretary
Small Community and Rural Development

January 1989

Table of Contents

Executive Summary 5

Introduction 7

The State of Rural America 11

Rural Development Town Meetings 15

Rural Development Success Stories 17

Department Reports 19

- Department of Agriculture 19
- Department of Commerce 27
- Department of Defense 33
- Department of the Army 35
- Department of Education 39
- Department of Energy 45
- Department of Health and Human Services 47
- Department of Housing and Urban Development 51
- Department of Interior 57
- Department of Justice 61
- Department of Labor 63
- Department of Transportation 65

Independent Federal Agencies and Other Governmental Organizations 69

- Environmental Protection Agency 69
- Small Business Administration 73
- Veterans Administration 77
- Appalachian Regional Commission 81
- Interstate Commerce Commission 89
- Tennessee Valley Authority 93

USDA 1989 Rural Development Strategy 95

Conclusion 97

1990 Rural Development Budget 99

Executive Summary

If the number of conferences, workshops, meetings, hearings and a host of other activities is any indication of the Nation's interest and concern in rural development, then for the foreseeable future this issue is here to stay! Over the past year alone rural development related activities held by Federal Agencies, States, Regions, special interest groups and Congress among others, literally number in the hundreds. The information and unique perspective obtained from these various sessions will prove valuable in the formulation of rural development policy on all levels.

Signs of Progress outlines the major programs and initiatives of the Department of Agriculture and the Federal Government related to rural development. The report is more a primer on the Federal rural development effort than a comprehensive listing of programs and activities. The report is also a harbinger of things to come as it details future rural development strategy.

Rural America has been in a constant state of change for the better part of this century. Today's rapidly and frequently changing national and global economies serve to accelerate the changes taking place in the rural economy and sometimes heighten the impact. Modern communication and transportation serve to inform rural residents of "social" changes and trends on an immediate basis.

In spite of these changes Rural America has retained much of what draws and keeps people there. The Nation's rural areas represent not only a lifestyle but a way of life that is special and uniquely American. Rural Americans are acknowledging the changes taking place in their communities and are taking action to address the many new circumstances surrounding the dynamics of change. They understand the need for economic diversification, leadership development, education and training, but most of all the need for local involvement, commitment and initiative in the "self-determination" of their economic future.

The Department of Agriculture and the Federal Government must define the role they have to play in Rural America's future by appraising the role played in Rural America's past. The Budget deficit and the provisions of Gramm-Rudman-Hollings mandate that out of necessity Government use creative and efficient management techniques to "stretch" the limited resources and direct them to the areas demonstrating the greatest need.

The Federal Government has a broad array of programs and resources to help Rural Americans. The resources manifest themselves as information, technical assistance, direction and support and where absolutely necessary, dollars from the Federal coffers.

Rural America has a resource base and attendant needs that can be broken into three distinct but closely related segments. These main categories are: a) financial, representing the capital resources and monetary needs of Rural America; b) physical, representing the infrastructure resources; and c) human, which are the people resources. In many respects the state of "b" and "c" are directly related to "a."

The Federal Government funnels vast resources into Rural America; in fact the most recently available figures report that nondefense Federal spending in Rural America was $2,175 per person[1].

Financial resources, in the form of loans, grants and loan guarantees are provided to Rural America by a number of Federal entities including the Farmers Home Administration (FmHA), the Rural Electrification Administration (REA), the Small Business Administration (SBA), the Economic Development Administration (EDA) and many nonobvious organizations such as the Environmental Protection Agency (EPA), the Justice Department and the Department of Defense. These resources help Rural Americans pursue a wide range of activities from business development to building and repairing essential infrastructure such as roads and bridges. A number of Federal organizations provide physical resources to Rural America that help in rural development efforts, including the Departments of Agriculture, Interior, Transportation, Energy, Defense and the Tennessee Valley Authority (TVA) and Appalachian Regional Commission (ARC).

Many human resource needs are provided by the Departments of Agriculture, Education, Housing and Urban Development, Health and Human Services, Labor, Veterans Administration, TVA and ARC. The resources provided range from educational and training to health services and housing.

Signs of Progress not only outlines major USDA and Federal rural development initiatives and activities, it speaks to the future. The report announces the establishment of the Department-wide USDA Revitalization Task Force that is charged with developing a comprehensive rural development policy initiative. Many other Departments and Agencies demonstrate their commitment to the future of Rural America by disclosing their unilateral and cooperative activities for the year(s) to come.

The resources are available and the effort is underway to revitalize Rural America. Governments and the People must continue to work together to marshal the forces and leadership needed to complete the task. This report is demonstrative of the high level of concern, commitment and leadership from all sectors that will be needed if future achievements are to be realized.

[1] From the 1988 Fact Book of Agriculture. USDA miscellaneous publication Number 1063. The corresponding figure for metropolitan per capita spending is $2,181.

6

Introduction

It seems fitting to begin a report on Rural America with a story from Rural America.

Five years ago Broken Bow, Nebraska had all but expired. Store front after store front in this central Nebraska town darkened as the doors were locked, closed to what little business remained. To many, it seemed unlikely that those windows would ever again brighten to start anew to carry on the cozy brand of commerce common to small towns.

With increasing frequency "For Sale" signs appeared in front of homes sending the dire signal that another family was about to quit Broken Bow. Unemployment in the town and surrounding Custer County was climbing steadily upward with no apparent end in sight.

Despair and gloom became the order of the day and was threatening to unravel the civic fabric of Broken Bow. Community spirit and morale, already low, was dipping towards a point of no return. The most troubling aspect of this ordeal was that the theme of Broken Bow echoed throughout many other areas of Rural America.

Was the "Farm Crisis" about to claim another victim? Perhaps, perhaps not, but it was clear something had to be done. The question that remained was what? What actions would the people of the Nation's Broken Bows have to take to reverse the economic tide in the hope they would have some chance of preserving their community and their way of life?

Did the citizens of Broken Bow look askance at each other and start pointing fingers and laying blame on people and circumstances beyond their control? Did they look solely to "Government" in Washington, DC and Lincoln to solve their problems?

On the contrary. The local leaders and citizens, armed with the spirit of hope, decided to turn their community around, and they were determined to do it themselves!

One group of citizens formed "Nest Builders" and raised desperately needed venture capital to assist fledgling local businesses get off the ground.

A developer bought, refurbished and added a shopping mall to the downtown motel, a local landmark that today anchors Broken Bow's almost completely revitalized retail community.

The local hospital began a program to increase and broaden medical services to the residents of Broken Bow and surrounding communities. No longer would they have to travel out of the area for many standard and specialized procedures.

A loan from "Nest Builders" helped a local entrepreneur open a nationwide telemarketing firm by using Burlington Northern's fiber optic communication system that runs through Broken Bow. Today R-Vee Marketing employs over 35 full time workers.

Is the turn around taking place in Broken Bow and scores of other communities around the Nation the result of massive new Federal programs designed to purchase prosperity for Rural America? Well, the answer given by the people of Broken Bow and many other communities to this question was a resounding "NO!" Economic revitalization is taking place in Rural America because of local initiatives and leadership with the support of the Federal and State governments and more important, the private sector!

Federal Agencies and State governments by necessity are adopting a decidedly different role in regard to rural development. The Federal Government can and should provide help in the development and upgrading of infrastructure essential to economic development; roads, bridges, water and waste facilities, electric power and telephone services all fall within this category of resources. In narrowly defined circumstances the Federal Government should participate in providing business development financial resources. However, Federal dollars should be used as incentive leverage to involve other sectors in the enterprise. Distribution of these limited resources must be based on need and driven by local initiative. No amount of money or prodding from Washington, DC or the many State Capitals around the Nation will solve the problems facing Rural America if the local people lack the desire and determination to make something happen. A cameo appearance or fleeting participation from local leaders and citizens is simply not enough. They must assume a starring role, and for the duration. Successful economic development is not a one act play it is a continuing production with many scenes.

Many different approaches can and must be taken in addressing the issues attendant to the broad concept of "rural development." This report will seek to touch upon examples of creative and innovative rural development initiatives selected from a variety of sources. They will range from the Federal, State and local Governments.

By no means will this report suggest that all is well in Rural America. However an attempt will be made to point out, and where possible in a graphic fashion, that considerable progress is being made in revitalizing and diversifying many of the Nation's rural areas. Failure to acknowledge the gains made coupled with the continued promotion of the credo "Poor Rural America" does a grave injustice to the hard working people who have been successful in their respective rural development efforts. Perhaps dismal portrait of Rural America can serve to inhibit the influx of critically needed capital and people.

A broad range of topics and issues relevant to Rural America will be discussed in this report and in certain instances the information offered will be representative as opposed to comprehensive concerning the many programs and activities. It is hoped that a sober, realistic portrait of Rural America will be presented in this report and will provide direction and counsel in the amendment, formulation and implementation of policy.

The State of Rural America

The social and economic complexion of Rural America is changing. This is not a new phenomenon. It may just be that the phenomenon is more obvious today than before. Change is taking place in Rural America much faster today and those changes are having greater impact on the lives and well-being of the Nation's rural residents. It may also be that America's rural economy is feeling the influences of the Global economy more acutely than in prior periods.

Any attempt to comprehensively "define" Rural America should be a task unto itself and would require much more ink and effort than is available for this project. Because of the obvious complexity of such an enterprise no attempt will be made for this report to pen any such definition. Rather, an effort will be made to offer some different perspectives on the current economic and to some degree social complexion of Rural America in total.

"Pockets" exhibiting "one condition or another" do indeed exist in Rural America. However, broad brush portraits implying nationally pervasive conditions in any sense, good or bad, generally prove inaccurate and counterproductive when addressing the many issues facing the Nation's rural residents and may have a negative impact on Rural America's ability to grow and diversify its economy.

Take for instance the issue of declining population in Rural America. Each year a new set of figures appear proclaiming the eminent demise of Rural America due to an unprecedented decline in population.

However, there is a nearly complete failure to qualify these figures by reporting it is the "farm" segment of the rural population that is in decline. In fact, farm population in Rural America reached its peak between 1910 and 1920! During this so-called period of "decline" agricultural production has increased 2,200 percent and net farm income rose by more than 1,000 percent. In the last decade alone production has increased 43 percent and income by 133 percent.

Another figure germane to rural development that is frequently overlooked is that since 1950 there has been a net increase in rural or non-metropolitan population of 11 million people in the counties that continue to be classified as rural. This is not a claim that all is well, or to pass judgement that what has happened is good or bad it is merely an observation of a long term phenomenon. It is indicative of increased opportunities for Rural Americans to diversify their economy to provide services and goods to this growing sector.

Another factor commonly omitted is that each year large numbers are deducted from rural population figures due to a change in classification. A county with a "nonmetro" designation may experience an influx of population from a neighboring, expanding metropolitan county. This may

cause the county to be moved from the rural column to the metro, while many times retaining an inherently "rural demeanor." As a result of the 1980 Census a net of 55 non-metropolitan counties were reclassified as metropolitan.

The Department's Economic Research Service (ERS) is responsible for studying the Nation's rural economy among other things. ERS studies suggest that in only one-fourth of the Nation's non-metropolitan counties is the financial health of the farm sector likely to be a major determining factor in the overall economic health of the area. Furthermore, farm-dependant counties are sparsely settled and constitute only 10 percent of the total non-metropolitan population.

These trends and data should be encouraging to individuals and communities that rely on the nonagricultural segment of the rural economy. These observations are not meant to belittle the importance of agriculture to the rural or national economy, rather they point out the tremendous opportunity that exists for economic development and diversification in Rural America. Manufacturing, services and trade employ far more people than does farming and for obvious reasons a diverse and healthy rural economy in total helps not hurts agriculture.

Encouraging as well is that while the economic recovery of Rural America lags behind the Nation as a whole, the rural economy leads the Nation in growth in manufacturing jobs. Many rural areas are experiencing a period of growth and unemployment and poverty rates are receding from their previously high levels. These phenomena are significant and provide a much more persuasive indicator of the improving economic conditions of Rural America than does farm financial data alone.

In fact many of the Nation's non-metropolitan counties have outpaced their metropolitan counterparts in certain areas. For example population and employment growth have been strong in the 500 almost exclusively rural retirement counties across the Nation. Non-metropolitan counties adjacent to metropolitan areas have performed relatively well by comparison to more isolated counties.

Many of these economic conditions are indicators of opportunity and cause for hope. They also signify there is need for a fundamental change in attitude and approach when addressing the rural economy. Perhaps the most convincing argument for rural economic diversification and revitalization is the following: Nearly half of the Nation's farm families are dependant on additional income from an off-farm, generally nonagricultural source. In Ohio a Farm Bureau survey found that as many as 80 percent of the State's farm families may receive income from an off-farm source. No claim is being made that off-farm income will make an insolvent farming operation healthy again. More likely, this phenomenon is indicative of a national trend that for a variety of reasons many families now require two incomes to support their chosen lifestyle. Perhaps these figures indicate that rural residents are becoming less and less insulated from national and global economic conditions.

This has been a humble effort to point out some "new" economic realities in Rural America. Acknowledging these conditions is a good starting point for developing policies, programs and initiatives that meet the real needs of the Nation's rural people.

Rural Development Town Meetings

One of the best ways to find out exactly what is taking place in Rural America is to go and listen to the people who live and work there. This is the simple idea behind the Department's "Rural Development Town Meetings."

During the past year the Under Secretary for Small Community and Rural Development held "Town Meetings" in: Broken Bow, Nebraska; Las Cruces, New Mexico; Fruitland, Idaho; Jefferson City, Missouri; Moorhead, Minnesota; and Columbus, Ohio.

The sole purpose of these six meetings was to listen to Rural Americans tell their stories and present their views on rural development. A broad cross section of civic leaders, business owners, educators and concerned citizens from diverse backgrounds with varied interests gave voice to their accomplishments, concerns and hopes for the future.

Common Denominator

A common denominator emerged from the hours of testimony: Rural development cannot and will not happen without local leadership and initiative. No amount of money, pushing, prodding, codling or sympathy from Federal and State officials will solve a community's problems if the community lacks the leadership, determination and drive to act and make something happen.

Federal Role

The Rural Americans who spoke at the "Town Meetings" made it clear the Federal Government does have a role to play in rural economic development and revitalization. The role, not easily defined, is one of providing a broad range of resources and not just money.

Government should help provide information and technical assistance, and can do so in a plethora of ways. Government should help facilitate economic development and diversification not stand in opposition and impede.

In some circumstances Government can help provide financial resources for community development, infrastructure such as roads and bridges and to some degree for business development. However, where possible Federal dollars should be used to leverage funds and foster involvement from the private sector. Perhaps as important, the limited available resources should be directed to where they are needed most!

Leadership

Another area of concern common to all the "Town Meetings" was the question of "leadership." Leaders cannot be created; they can be developed. This is an area in which Government can help through programs of education, training and leadership development. United States Senator Christopher "Kit" Bond and a former Governor of Missouri spoke of rural development "spark-plugs" during the Jefferson City, Missouri "Town Meeting." Senator Bond's "spark-plugs" are leaders who have made rural

development happen. They are mayors, development commissioners, private business owners and concerned citizens. These "spark-plugs" have certain things in common; they are entrepreneurs; they are movers and shakers; they have made things happen and generally under adverse and less than desirable conditions.

Did the testimony given at the "Town Meetings" suggest or proclaim that all is well in Rural America? No. But it did show that an awful lot of revitalization is taking place through local initiative and determination and while recognition from other sectors is nice, these people have already received reward from the economic rebirth taking place.

The information and testimony received from the "Town Meetings" will prove a valuable tool in the development of future policy and initiatives. The testimony will also help in the fine tuning and better management of existing programs to meet the needs of the Nation's rural residents.

Rural Development Success Stories

Over the past year the Office of the Under Secretary for Small Community and Rural Development has learned of untold numbers of successful rural development activities. The accounts heard have been geographically and conceptually diverse, demonstrating the creative and varied approaches being taken to address problems and concerns across Rural America. The following examples were randomly selected and are not meant to be geographically representative or comprehensive:

Cuba, Missouri

A severe downturn in mining and shoe manufacturing in and around Cuba, Missouri sent unemployment in the area skyward. In all likelihood, these were business activities that for many reasons would not soon rebound, if ever.

Painfully aware of these realities a group of local business owners formed an Industrial Development Corporation and drafted a "Cuba Plan" to confront the community's economic problems head-on. Taking advantage of being a State designated "enterprise zone" the group set about to "market" Cuba.

Since 1984: 18 new companies have moved to or have been started in Cuba; 1,250 jobs have been created or saved; tax revenues have increased 30 percent; the retail community has almost completely recovered; and unemployment has fallen to 5 percent.

Fergus Falls, Minnesota

The Fergus Falls Port Authority offers new, expanding and troubled local businesses extensive assistance. The Port Authority provides assistance in developing financial plans, management plans, advertising and marketing programs and works with local financial establishments to provide "supervised credit" when necessary.

Varsity Bags is one local company helped by the Port Authority's assistance program. With assistance from the Town of Fergus Falls Lana Larson established this small company to manufacture gym bags. Today Varsity bag employs better than 10 full-time employees. High quality and dependable service have won Varsity Bag a number of contacts in and out Minnesota. Lana Larson's hard work and determination coupled with the cooperative and helpful attitude of Fergus Falls, Minnesota turned out to be the exact formula for success.

Albia, Iowa

Albia used to be the center of a prosperous coal mining region near South central Iowa. By the 1960s "downtown" Albia had slipped into disrepair through neglect brought on by decline in mining activity.

Albia's "true" resource, its people, decided they didn't like what was happening to their once shining city. They formed the non-profit Area Improvement Association and began the process of refurbishing their city's facade and pride!

The first phase of the "continuous" refurbishing effort was completed in 1970. A more recent project involved the planting of trees and adding "old-fashion" street lamps to the Town Square. In 1985 the entire 92-building downtown was placed on the National Register of Historic Places, making it the largest such designation in Iowa.

Today Albia has a thriving retail sector and tourist trade. The tax benefits realized from the "Historic" designation help keep and attract businesses. Each year to remind themselves of where they were and what they have accomplished the people hold a festival to celebrate Albia's "Restoration Days!"

Hillsboro, Texas

After restoring the landmark "old courthouse" the citizens of Hillsboro were determined to promote the refurbishing of the town's other downtown buildings. Four local lending institutions established a $120,000 revolving loan fund to assist local building owners restore their properties.

Local residents raised the necessary funds to turn the "old" Post Office into a "new" library and another group is working to turn the old city jail into the Hill County Cell Block Museum.

The attitude and spirit of Hillsboro attracted the CAMSCO Produce Company to establish a mushroom growing operation in the community. The operation provides numerous jobs for the citizens of Hillsboro and purchases 10,000 tons of locally grown wheat straw per year.

Elizabeth City, North Carolina

The only industry in Elizabeth City, population 16,000, is a sawmill, a small sewing factory and the local grocery store.

In 1978 USDA's Extension Service helped a group of 35 local women involved in "craftwork" establish the member-owned Watermark Association of Artisans. This marketing cooperative specializes in handmade crafts including baskets, decorative wood products, pottery and quilts.

In line with one of their original goals to provide assistance to rural women lacking jobs skills, Watermark established the non-profit Northeastern Education Development Foundation (referred to as NEED) which offers classes in craftwork and training in office skills, record keeping and stress management.

Watermark and NEED is a creative and innovative cooperative that helps give rural women real economic opportunities that allow them the flexibility to work at home and continue to raise a family.

The Department of Agriculture

Rural Development Flagship

The United States Department of Agriculture (USDA) is the Federal Government's "Flagship" for rural development programs and resources. The programs, initiatives, policies and actions of this Department dramatically impact the lives of the Nation's rural residents.

The Department of Agriculture's wide assortment of programs and initiatives provide a broad base of support to augment State, local and private sector rural development activities. Almost by definition, rural economic development and revitalization has to begin with local leadership and initiative with constant and continuous local involvement. The programs, policies and initiatives of the Department of Agriculture have been shaped and developed to fit within the framework of "local initiative."

The Federal Government provides resources to help in the building and upgrading of Rural America's infrastructure such as roads and bridges. The Government helps develop and maintain critically needed facilities such as hospitals and emergency services that impact a community's ability to revitalize and develop. In certain circumstances Government can provide financial resources for business development, but those resources must be used as leverage to foster private financial involvement willing to share the risk as well as the benefit.

Department Coordination

The Office of the Under Secretary for Small Community and Rural Development (SC&RD) is "Rural Development Central" for the Department of Agriculture. This office coordinates Department-wide the programs that impact rural economic development and maintains direct control over the Department's flagship rural development Agencies the Farmers Home Administration (FmHA) and the Rural Electrification Administration (REA). This office also staffs and directs for the (Deputy) Secretary the White House Working Group on Rural Communities charged with coordinating the Government-wide rural development effort.

National Rural Revitalization Conference

Last summer the Secretary, the Deputy Secretary and the Under Secretary for SC&RD hosted a national rural revitalization workshop in Washington, DC. Nearly 100 Federal Officials, primarily from USDA agencies, representing 47 States attended this conference. These people are the Federal Government's "front line" rural development personnel from across the Nation. These officials conduct the Department's day-to-day rural development activities in the field. They are active rural development leaders and members of the USDA's Food and Agriculture Councils (FAC) in each State and various rural development committees and Rural Enterprise Teams.

The primary focus of the rural development conference was to inform, energize and update the "field" on the status of the Federal Rural Development effort. Assisting in this conference were many high ranking officials from other Federal Agencies including the Department of Commerce and the Small Business Administration. This conference is a modest indication of the total commitment of this Department to rural development and to the high degree of cooperation that exists between various Departments of the Federal Government.

This section will attempt to highlight the activities of the Department that have impacted rural development and revitalization during 1988. The report is by no means comprehensive or are activities listed in order of importance. With many agencies such as the Farmers Home Administration and the Extension Service literally every program administered impacts rural development. The hard-working and committed employees of these agencies are just doing their jobs, frequently unaware of the positive impact their actions have on Rural America.

Small Community and Rural Development

The Under Secretary for Small Community and Rural Development directs the activities of the Farmers Home Administration (FmHA), the Rural Electrification Administration (REA) and the Federal Crop Insurance Corporation (FCIC).

Farmers Home Administration

With one of the largest loan portfolios in Government, the Farmers Home Administration (FmHA) has an enormous financial impact on Rural America. The primary function of FmHA is to make direct and guaranteed loans for farming activities. These farm loan programs have significance because of the influence agricultural activities have on Rural America. Agriculture is far and away the largest and strongest element of America's rural economy. Yet to believe that because things are going well for agriculture ipso facto things are going well for all of rural America is shortsighted and ignores the recent economic history of the Nation's rural areas. By its very nature agriculture is an economically cyclic activity. Not only do American agriculture interests have to contend with the whims and wishes of the global economy a little thing called the "weather" also sits at the table. Diversification will help smooth out the ups and downs and strengthen the agricultural segment of the rural economy.

Non-farm Programs

FmHA's non-farm programs provide the financial wherewithal to help in that critical process of diversification. The availability of adequate affordable housing can further a community's attempts to diversify and revitalize. FmHA's Rural Housing Programs help provide single family and multi unit housing to Senior Citizens and low-income persons. FmHA's Rural Rental Assistance Program helps reduce rent to low-income tenants.

Rural Infrastructure Needs

Adequate infrastructure and related facilities are often critical to a community's ability to attract or retain job-providing businesses and industry. FmHA's Community Facilities Program makes loans to communities for the construction and expansion of critical infrastructure. Loans from this program can be used to construct roads and bridges, hospitals, town halls or to purchase capital items such as fire trucks and ambulances. FmHA's Water and Wastewater Program help communities build and upgrade water and water-treatment facilities.

Business and Industry Loan Program

FmHA's Business and Industry Loan Program (B&I) is the agency's rural development workhorse making guaranteed loans to existing or new rural business activities. The loan portfolio encompasses a wide range of business and industrial endeavors. New regulations governing the B&I Program went into effect in October 1988. The new streamlined regulations were designed to address several concerns germane to rural business. In addition to simplifying the application process the new regulations permit FmHA to prioritize the loans thereby directing resources to the areas of the Nation that need them most. FmHA now takes into consideration the following when approving a loan: location of the business; the number of jobs that will be created or saved; the cost per job created or saved; the number of displaced or impacted farmers in the area; and of course the success potential of the loan in question. The enactment of these new regulations represents the fulfillment of one of last year's rural development initiatives.

The B&I Program seeks to foster increased private sector involvement in business activity and has lowered the maximum percentage of guarantee on larger loans to 70 percent on loans over $5 million, 80 percent on loans between $2-5 million and 90 on all other loans. These new regulations allow for the broader distribution of the limited available resources, creating jobs in rural areas with the greatest need and promotes private sector involvement and risk taking.

In FY '88 over 8,600 jobs were created or saved through B&I loans. The typical loan size in FY '88 was well under $1 million dollars. In FY '88 a total of 85 loans were made to businesses in 29 States.

Rural Transportation

During the summer of 1988 FmHA approved "Rural America: A National Rural Public Interest Group" to serve as the intermediary for re-lending $2.12 million to eligible applicants engaged in rural transportation activities. The program objective is to help improve the economic health of rural communities through the development or augmentation of rural passenger transportation services and related facilities.

Joint Programs

The Farmers Home Administration works with the Soil Conservation Service (SCS) on certain programs that impact rural development. FmHA makes loans for Watershed Works of Improvement and Flood Prevention to organizations with projects that have been approved by the Soil Conservation Service. These loans may be used for a wide range of activities including the installation, repair or improvement of watershed and water storage facilities and the procurement of project sites and payment for right-of-ways. FmHA makes loans for SCS approved Resource Conservation and Development projects.

Rural Electrification Administration

The Rural Electrification Administration (REA) was established by Congress in 1935 to electrify Rural America. REA's role was expanded in 1949 to finance rural telephone cooperatives. By 1964, 98.1 percent of Rural America had reliable and affordable electric service. Today 98.8 percent of Rural America is electrified and 96 percent have reliable telephone service. REA's current role is that of a financial institution. REA continues to provide financial resources for development and expansion of infrastructure attendant to the provision of electric and telephone service. Reliable electric and telephone service is critical to a community's or region's ability to develop, grow and diversify.

Private Rural Electric Cooperatives are playing an increasingly greater role in rural development, recognizing that economic growth and diversification bring new customers and allow them to do what they do best: "sell" for profit electric and telephone service.

Science and Education

The Office of the Assistant Secretary for Science and Education directs the activities of the Department's "information, education and outreach" programs. In addition to the Extension Service's (ES) activities this office administers the Agricultural Research Service (ARS) and the Cooperative State Research Service (CSRS) and maintains the National Agricultural Library (NAL).

Extension Service

Located in literally every rural county across the Nation the Extension Service is truly the Department's full-time rural development "field office." ES has worked diligently to augment its traditional production agriculture programs with new programs and approaches designed to meet the diverse and growing needs of the nonproduction agriculture segment of Rural America. Extension agents are gaining expertise in community development, business assistance, environmental issues, alternative agriculture and a wide range of regional or local areas of interest and concern.

Rural Information Center

One of the most noteworthy programs administered by the Extension Service in cooperation with the National Agricultural Library is the Rural Information Center (RIC). RIC is a nationwide rural development information and referral service. RIC is an inexhaustible source of information and will seek to provide answer to essentially any inquiry relative to the challenges facing Rural America. In addition to realizing National implementation of the service during FY '88, RIC chalked up an impressive list of accomplishments including: providing service to 49 States, U.S. Territories, the Virgin Islands, Puerto Rico and an assortment of foreign Countries; the establishment of an internship program with the Center for the Study of Rural Librarianship; and co-sponsoring with Pennsylvania's Clarion University an Information and Rural Development Conference. In FY '89 RIC will establish a monitoring program to track issues relevant to rural development; develop a network to communicate with rural libraries; provide a consultation service as the next logical step after providing information; and will use an IPA (Intergovernmental Personnel Action) agreement to augment the limited staff.

Regional Rural Development Centers

Under another initiative ES and the Cooperative State Research Service (CSRS) partially fund Regional Rural Development Centers (RRDC) at Pennsylvania State University, Iowa State University, Mississippi State University, Oregon State University and North Dakota University. The RRDCs are charged with addressing "regionally" driven rural development issues and problems.

Agricultural Research Service

The Agricultural Research Service (ARS) can have tremendous impact on rural development. The success of the Central Illinois Manufacturing Company of Bement, Illinois is in large measure the direct result of an ARS development. ARS scientists at the Northern Regional Research Center invented "super slurper," a revolutionary new absorbent material. Central Illinois Manufacturing today employs 100 people to produce yearly 300,000 filters to remove water from fuel using "super slurper." Concept Membranes Incorporated of Bend, Oregon produced and marketed 150,000 Japanese Beetle traps using an ARS discovered pheromone (sexual attractant!). These are prime examples of the economic importance of the commercialization of research developments.

Other Research and Development Activities

In addition to the research activities discussed in other sections of this report, the Department's Economic Research Service (ERS) is charged with exploring the "economics" of Rural America. In the broadest sense ERS studies the total rural economy and what impact it has on the national and global economy and vice versa. ERS's Agriculture and Rural Economy Division studies the rural economy with special emphasis on the nonfarm rural development segment. Studies by the Rural Business and Government, Human Resources and Finance and Tax Branches provide immeasurable assistance in the development and implementation of policies and programs. An impressive list of rural development-related studies were published in FY '88 including: a Rural Development Data Book and Rural Economic Development in the 1980s: Prospects for the Future.

Some of ERS's FY '89 activities will document the difference in per capita spending between urban and rural schools; assess the usefulness of fiscal and other indicators of well-being as criteria for resource allocation; look at the ability of communities to respond to economic change; study the survival and growth rate of rural businesses and determine trends in potential rural business activity; and attempt to determine why some communities are more successful than others in attracting high-growth service-producing businesses.

Other USDA Agencies and Rural Development

Risking oversimplification, every agency and entity within the Department impacts Rural America in some fashion. However, an attempt to quantify that impact will not be made.

The Department's Forest Service and Soil Conservation Service impact Rural America in a very "physical" sense. The Forest Service is responsible for managing the 156 National Forests and 19 National Grasslands, which includes the development, utilization and protection of the natural resource base therein.

Forest Service

Resources harvested from National Forests provide jobs in private sector industrial activities. National Forests and Grasslands are major tourist attractions. Many private businesses thrive and depend on providing services to the people who visit the Nation's Forests. In some cases the Nation's Forest and Grassland activities augment the infrastructural resources and needs of rural communities and are a source of employment for rural residents.

Soil Conservation Service

The Soil Conservation Service (SCS) is charged with protecting and developing much of the Nation's natural resource base. SCS inventories and appraises the Nation's soil and water resources through a number of programs and initiatives including: the Water Resource Management Protection Program and Resource Conservation and Development Program (RC&D).

Office of Transportation

The Department's Office of Transportation (OT) helps promote and develop transportation resources to serve Rural Americans. The availability of adequate and affordable transportation can significantly impact rural development. The Office of Transportation is the Department's "transportation liaison" with other Federal, State and private sector entities.

OT monitors rail service to rural areas to determine the impact of discontinuances in service and line abandonments. OT also provides technical assistance for the development of transportation services. OT chairs with United Bus Owners of America the Rural Transportation Planning Committee that is looking at a wide range of rural transportation issues.

This report will not list the Department's numerous exclusively farm programs. However it is important to note that Agencies like the Agricultural Stabilization and Conservation Service (ASCS) infuse the agricultural segment of the rural economy with billions of dollars in commodity related payments. These payments impact the rural economy but are not classically considered rural development programs.

The Department of Agriculture and indeed the Federal Government are not ignoring Rural America. The 1988 Fact Book of Agriculture reports the non-defense per capita Federal expenditure in non-metropolitan counties in 1985 (most recent available figures) was $2,175; a mere $6.00 less than the amount spent in metropolitan counties during the same period. These examples reflect the Department's total commitment to the Nation's rural residents.

Department of Commerce

The Challenge of Global Competition: The Department of Commerce (DOC) offers leadership and a wide array of services to rural communities and businesses. DOC provides financial incentives to States and substate areas to encourage long-range planning for rural economic development. DOC provides the data and economic analyses that are the foundation for planning and preparation of strategies. Through programs for economic development assistance, weather forecasting, international trade, technology, telecommunications, tourism and assistance to businesses the Department maintains a day-to-day relationship with State and local areas. These relationships are often formalized through joint initiatives and partnerships with State and local governments and Chambers of Commerce.

The growth of technology, the restructuring of resource industries and the shift to a service-based economy have been accelerated by changes in the world economy and global competition. Rural leaders, in order to assure that their areas share in the benefits of these advances, are reevaluating existing practices. They are planning for growth, identifying opportunities for job development and training of workers. No longer are rural manufacturers relying almost solely on lower-wage jobs which are particularly affected by competition from less developed countries. While new uses of technology may be destabilizing in the short run rural leaders recognize that technology offers new opportunities for service industries and for businesses using telecommunication. Rural leaders also see that the new technology-driven processes, which do not need a large number of workers in one place make rural areas competitive for new plant locations.

Rural businesses have always been a source of much of our Nation's strength in the global economy. From their farming neighbors who help feed the world these rural businesses are learning how to work in the global economic environment.

Following is a list of the Agencies at the Department of Commerce that impact and support rural development activities across the Nation:

Office of Economic Affairs, through the:
Bureau of the Census
Bureau of Economic Analysis
Economic Development Administration
International Trade Administration
Minority Business Development Agency
Office of Business Liaison
Office of Congressional and Intergovernmental Affairs
National Oceanic and Atmospheric Administration
National Telecommunications and Information Administration
Technology Administration
United States Travel and Tourism Administration

FY 1988 Initiatives and Activities

Planning Grants: The Economic Development Administration's (EDA) enabling legislation clearly recognized the value of long-range planning as part of the economic development process. It established the district planning program which provides funds to multi-county organizations and Indian tribes to coordinate the economic development process and to prepare regional Overall Economic Development Programs (OEDP). The OEDP contains analyses of a region's strengths and weaknesses and presents strategies for promoting its economic development.

Data for Planning: Virtually all the Federal data used for rural economic development planning come from the Bureau of the Census and the Bureau of Economic Analysis. The data are critical for understanding the impact of economic change in States and rural areas and in devising strategies tailored to local need and opportunities. These data focus attention on rural areas suffering economic dislocation. The data are also used as guides for allocating Federal assistance to rural areas.

In an effort to make data more readily available to present and potential users the Bureau of the Census has created the Business/Industry Data Center Initiative in 15 States. The lead agency in each State is selecting up to 25 other statistical outlets as affiliates. In several States the Initiative is integrated with economic development programs affecting rural areas. An example of a rural data affiliate is West Virginia's "Main Street" program.

Efforts to Diversify and Revitalize Local Economies

Public Works: The steady decline in demand for agricultural and other natural resource goods in the marketplace clearly threatens the economic survival of many rural communities. Concerned rural communities have received assistance from EDA for a variety of projects designed to diversify and revitalize their local economies. Projects must demonstrate maximum practicable local funding support. Examples of EDA-funded projects include the improvement of water and sewer lines and systems to attract new businesses; the extension of water and sewer lines and roadways as part of industrial park developments; and renovating buildings for use as incubators for new business start-ups.

Tourism: The travel and tourism industry is one of the fastest growing segments of the economy and offers a way for rural areas to capitalize on their natural scenic beauty and historic importance to enhance their economies. The Travel and Tourism Administration (TTA) works with States and others to promote travel by foreign visitors. TTA will begin a two-part study to explore ways in which rural tourism and small businesses can be promoted through travel and tourism activities. EDA approved several technical assistance grants for studies of rural area tourism projects. The National Oceanic and Atmospheric Administration's (NOAA) Marine Fisheries Service works to encourage recreational fishing, an important element of the recreation and tourism industry in rural areas.

Technology: The Flexible Computer Integrated Manufacturing Program (FCIM) of the Technology Administration promotes the establishment of flexible manufacturing service centers that lease manufacturing time to small firms. These centers are financed primarily by the private sector with some initial support from State governments and the EDA. These efforts will help rural economies diversify by expanding the capacity of local businesses to produce a wide range of products. Three centers will open in 1989.

Export Assistance: The 47 domestic district offices of the United States and Foreign Commercial Service enter into annual Federal/State Cooperative Plans with all 50 States and Puerto Rico which spell out joint planning, training and promotional efforts. These include sponsorship of seminars and conferences, encouragement for States and other entities to become Associate Offices and specific activities agreed upon for joint implementation. Further assistance is provided by EDA for local export programs and for training of rural substate district staff. This outreach and assistance serves to support and develop the value-added segments of the agricultural and resource industries.

Assist and Demonstrate New Ways of Problem Solving: EDA programs of Technical Assistance and Research are used to assist rural areas through studying the causes of rural dislocation and developing new solutions and documenting examples of successful programs. This information is widely distributed to State and local policy makers through conferences, newsletters, reports and guidebooks available from the National Technical Information Service.

The goal of these programs is to assist rural areas achieve effective use of local and State resources. An example of this initiative is a current effort to determine the feasibility of a vertically integrated hardwood products industrial park.

Technical assistance funds are available locally for feasibility and industrial targeting studies and other activities. In one case, a technical assistance grant enabled a tri-county area in California to create an agricultural business and trade center that helps local companies use trade leads supplied by the International Trade Administration.

Video for Bankers: The video "Opportunities for Bankers" was prepared with EDA funds and was distributed to bankers and local development groups. The video demonstrates to bankers that there is potential profit from investing in rural and other areas suffering from disinvestment.

Bank Community Development Corporations: EDA is beginning a program to expand the use of Bank Community Development Corporations (CDCs) as an economic development tool in rural areas. CDCs permit banks to make equity investments in real estate and businesses activities otherwise prohibited by bank regulatory agencies. The program will include a promotional campaign to raise the level of awareness and will outline the benefits of Bank CDCs to banks and local government officials. The programs will assist several communities organize and implement Bank CDCs.

Alternative Finance Conferences: At three conferences sponsored by EDA and held in different regions of the country, local leaders heard from "those who had done it," the process for using non-Federal resources such as pension funds, venture capital, municipal bond pools, affirmative investment banks and other sources for development activities.

Corporate and Foundation Support: EDA joined several of the Nation's largest Corporations and Foundations in creating the Council for Community-Based Development, an organization devoted to increasing corporate and foundation support for development activities.

Loan Guarantees: NOAA contributed to rural development financing through the Fisheries Obligation Guarantee program which helped construct such facilities as a clam shucking plant and a cold storage facility serving coastal rural areas.

Revolving Loan Funds: An EDA effort which has been very successful in leveraging private funds for economic development is its Revolving Loan Fund (RLF) program. Under EDA's Economic Adjustment program communities that have suffered long-term economic deterioration (LTED) are eligible for capitalization of an RLF. In concert with private lenders RLF communities make fixed asset and/or working capital loans to area businesses. RLF projects support such activities as small business development, including start-ups and expansions, business and job retention programs and provide support for growth industries and high-tech firms.

Telecommunications and Education

Telecommunications: The Public Telecommunications Facilities Program administered by the National Telecommunications and Information Administration awards matching grants to assist noncommercial telecommunications organizations for the purchase of telecommunications equipment. The radio and television stations that receive these grants very often broadcast to rural areas and include in their programming instructional material that help educate rural populations. Other grants under the program are awarded for the activation of non-broadcast communications systems using innovative technologies such as microwave or communications satellites and the delivery of instructional programs to rural areas.

Partnerships with Education: The Department of Commerce actively participates on the Rural Subcommittee of the Federal Interagency Committee on Education. With that Committee EDA published Education as a Partner in Rural Economic Development: A Bibliography.

The role of the technical, community and junior colleges is critically important to rural development education. Through a cooperative relationship with a research organization EDA is presently identifying the best examples where two-year colleges have played an effective role in building rural communities.

EDA is working with and provides funds to the Future Farmers of America and the National 4-H Council. EDA helps these groups devise and carry out programs that encourage young people to become entrepreneurs by assuming an active role in rural development programs.

Assistance to Rural Businesses: The Minority Business Development Agency, EDA's University Center Program, NOAA's Marine Fisheries Service and National Sea Grant College Program and the Office of Business Liaison all provide extensive advisory services directly to business establishments and related activities.

Promotion of Federalism: The Office of Intergovernmental Affairs directs the Department of Commerce's partnership program: "Commerce/State Initiative". This Department-wide effort is charged with providing technical assistance and information in support of economic development to various States. Partnerships with Minnesota and Wisconsin show a sensitivity to rural economic needs. For example, Minnesota has several projects involving the weather service which resulted in an early storm warning system which is especially useful for less populous communities. In Wisconsin, plans for a telecommunication conference are expected to have an economic impact on less developed areas.

This program helped the Western Governors' Association design strategies for addressing western rural economic development needs.

Support of Multi-agency Initiatives: The Assistant Secretary of Commerce for Economic Development has been an active participant in the White House Working Group on Rural Communities. The Working Group reports to the Economic Policy Council of the Cabinet.

EDA's Economic Development Representatives are working with Rural Enterprise Teams of the Department of Agriculture's State Food and Agriculture Councils (FAC).

Strategy/Activities for 1989

In years past rural areas in need of assistance looked primarily to Federal programs offering public works grants and business loans. The Commerce Report on Rural Economic Development for 1988 shows that the nature of local demand for economic development assistance and the response of the Federal Government has changed.

In 1989 the Department of Commerce will continue to respond to the new demands of rural areas. Rural America will need assistance in telecommunications and other technology-based development tools. To become more competitive businesses in rural areas will need data on export opportunities as well as assistance in taking advantages of those opportunities. This is information that the Department of Commerce will provide. The Department will continue to encourage educators to become involved in rural economic development. The Department will work to further the goal of making additional capital available to businesses and communities from non-Federal sources. Economic and social data will be made readily available to State and local governments for use in making plans and taking action.

As a partner in rural economic development the Department of Commerce will provide a broad menu of assistance to help assure rural areas and the Nation will be able to meet the challenge of global competition.

Department of Defense

The Office of Economic Adjustment (OEA) was created in 1961 to aid communities facing significant cutbacks or closures of military installations. The scope of activities has grown over the years to also include situations where significant growth is occurring, use of private land that is incompatible with nearby military missions and significant Department of Defense (DOD) contractor cutbacks. OEA is located within the Office of the Secretary of Defense.

Since the impact need only be "significant" relative to the community size and capacity to address the socioeconomic changes induced by DOD this aid is not directed exclusively to rural communities. However, since most major installations are in rural settings and because realignments of smaller installations in urban settings do not create "significant" impacts OEA's aid is usually received by rural communities.

Aid offered to qualifying communities is most often given in the forms of local organization and coordination counseling, land use planning grants, impact mitigation strategy grants and liaison with the affected Federal agencies and DOD components.

The primary aim of this aid, is in cases of employment reductions, to stabilize and revitalize the local economy; or, in cases of employment growth, to prepare the community's capacity to offer adequate public services and facilities. Although the replacement of DOD-related jobs with others is tracked these data do not discriminate between rural and non-rural places.

Department of the Army

With more than $3 billion for Civil Works projects the U.S. Army Corps of Engineers is the largest water resources development and management agency in the Federal Government. Ever responsive to the changing needs and demands of the American people the Corps has planned and executed national programs for navigation, flood control, water supply, hydroelectric power, recreation, conservation and preservation of the environment.

Although the primary mission of the Corps is combat support to our fighting Army the Nation over the years also has needed roads, railroads, lighthouses, bridges and other engineering works. Since the period immediately following the Revolutionary War the Corps has carried out numerous civil works projects and since 1824 has been the principal developer of the Nation's water resources.

The Secretary of the Army relies on the Assistant Secretary of the Army (Civil Works) to direct and supervise the Corps of Engineers' Civil Works program. The Commanding General of the U.S. Army Corps of Engineers and the Director of Civil Works are responsible for the 28,000 civil works employees who execute the program.

Rural America is the direct or indirect beneficiary of most of the Corps' programs. Numerous Corps of Engineers navigation and flood control projects serve additional purposes. Operation and maintenance of 37 lock and dam projects including 277 lock chambers allowed for transport of more than 1.1 billion tons of commerce in fiscal 1988. The Corps produces nearly 30 percent of the Nation's hydropower or 3.5 percent of the Nation's total electric generated energy. One hundred fifteen Corps lakes store 275.2 million acre-feet of water for agricultural, municipal and industrial use. The Corps operates more than 2,000 recreation area projects, leasing another 2,000 sites to State, local and private park developers.

The Tombigbee River Tributaries flood control project in Mississippi and Alabama is a good example of a Corps program that contributes to Rural America. The drainage basin of the Tombigbee River above the junction with Black Warrior River contains 8,915 square miles, 5,549 in northeastern Mississippi and 3,366 in western Alabama. In that part of the basin the river is shallow and tortuous, with many tributary streams. The economy of the region is largely agricultural, with some manufacturing in the population centers.

Severe general floods occur on an average of about once in ten years and are usually caused by widespread winter rainfall. Intense local rainfall produces flooding on one or more of the tributaries several times a year usually during the growing season when the principal losses are in rural areas. About a third of the loss occurs in Alabama.

In the Flood Control Act of 1958 Congress authorized channel clearing and modification on 22 tributary streams of the Tombigbee River in nine counties in Mississippi and six counties in Alabama. Since it would not be economically feasible to construct channels large enough to handle the extreme floods which occur occasionally channel sizes are designed to handle the more frequent smaller summer floods that account for about 90 percent of the damage suffered. The improvement will permit more intensive agricultural use of thousands of acres in the flood plain with a greater probability of a return on the investment.

Work started in 1965 and proceeds stream by stream as funds are made available from Federal appropriations and local contributions. Local interests are responsible for maintaining the improved channels. In Alabama the required local cooperation is being furnished by the Tombigbee Valley Development Authority, a public corporation formed in April 1968 in accordance with an Act adopted by the Alabama Legislature.

Substantial financial participation by non-Federal sponsors encouraged by the Water Resources and Development Act of 1986 represents a major change in the way the Corps does business. Local interests will have a far greater say than before in the size, scope, timing and cost of "their" construction projects. Local taxpayers will be more involved in these Federal, State, local and private sector partnership.

The Corps of Engineers' Civil Works program, military construction program and engineering and scientific research laboratory capabilities have much to contribute to rural development and infrastructure problems. Water, roads, ports and environmental pollution are among the many public engineering issues that transcend State boundaries and impact all people. Power plants, other infrastructure investments, waste treatment plants, even military bases affect commerce and economic transaction across several States.

The Corps of Engineers is ready to provide national leadership and to assist other Federal agencies in managing future development programs. The Corps maintains national centers of expertise in hazardous waste engineering, wastewater technology, public health standards, hydraulic engineering and concrete technology. The Corps is a leader in finding new ways to remove unusual contaminants and recycling water for multiple uses. The Corps' military research on road construction in difficult natural conditions has direct relevance to road maintenance and construction throughout the United States.

The Corps of Engineers, the Nation's oldest and perhaps most adaptive Federal/public works agency, is meeting the challenges of fiscal constraint while maintaining the quality of life the people of this Nation have strived for since its founding. New partnership models maintain an essential Federal role, increase State and other public involvement in planning, managing and financing projects and provide a prototype for national infrastructure renewal.

Our model looks to fuller participation, increased commitment to projects and reduced potential conflicts. This way all interests are represented without interfering with State and local sovereignty.

Department of Education

The Department of Education's (DOEd) programs are generally comprehensive in their geographic or demographic coverage and seldom address rural or non-rural populations exclusively. For that reason many DoED programs impact rural areas only to the extent the populations served are rural. This is particularly true of State grant programs which serve entire States.

The Department has two active rural education committees that will most likely continue through FY 1989. One is the Intra-Agency Department of Education Rural Education Coordinating Committee, which has members from each of the fourteen offices of the Department. This committee is responsible for intra-departmental coordination of programs that affect rural education. The Federal Inter-agency Committee on Education (FICE) established the Inter-Agency Rural Education Subcommittee. This subcommittee with representatives from 25 Federal agencies is working to identify and to some extent quantify programmatic impact on rural education. The committee is developing a network for sharing information on rural education and will develop a rural education research and development agenda.

Office of Vocational and Adult Education

Division of Adult Education: The Department of Education's Division of Adult Education has overall responsibility for providing a broad range of services for the education of adults throughout the country and for promoting the development of adult education resources nationally.

This division administers the Adult Education Act. The Act mandates the Department to make available educational opportunities to help adults acquire the basic skills necessary to become literate and to complete secondary school.

Funding assistance for State-administered adult education programs is given through formula grants. Local projects conducted by educational agencies, public and private organizations and institutions are then funded as appropriate from the grant made to the State.

In 1987 better than 3 million men and women over age 16 and past the age of compulsory school attendance participated in basic, secondary and English as a second language instruction.

Projects are located throughout the 50 States and 7 Insular Areas offering services in urban, suburban and rural areas. Over 400,000 participants were adults from rural areas.

The Division of Adult Education administers the work-place iteracy program and the adult education for the homeless program.

During 1988 37 grants were awarded to support work-place literacy projects in 26 States and the District of Columbia. Schools, colleges and community organizations join with business, industry and labor unions to improve job skills and advancement potential of workers.

Division of National Programs: The Division of National Programs administers thirteen programs that impact rural education:

1. Curriculum Coordination Centers (CCCs);
2. National Center for Research in Vocational Education;
3. Indian Vocational Education;
4. Appalachian Regional Commission Program;
5. Hawaiian Natives Vocational Program;
6. National Work-place Literacy Partnership Program;
7. Cooperative Demonstration Programs (High Technology);
8. Adult Education Program;
9. Cooperative Demonstration Dropout Prevention and Reentry Program;
10. National English Literacy Demonstration Program for Adults of Limited English Proficiency; . State Supported Program Improvement;
12. FICE Subcommittee on Rural Education;
13. Department of Education Rural Education Committee.

Division of Vocational Education: This division administers the Carl D. Perkins Vocational Education Act of 1984 and provides leadership/ advisory services to States in the instructional program areas. The purpose of the Carl D. Perkins Vocational Education Act is "to strengthen and expand the economic base of the Nation, develop human resources, reduce structural unemployment, increase productivity and strengthen the Nation's defense capabilities by assisting States to expand, improve and update high-quality programs of vocational technical education." Vocational education is offered by a variety of institutions including comprehensive high schools, vocational high schools, area vocational schools, community colleges, technical institutes, adult schools, the lower division of some colleges and universities and private sector training programs.

Instructional areas include Agriculture/Agribusiness, Consumer and Homemaking, Trade and Industrial, Technical, Marketing and Distributive Education, Health Occupations, Industrial Arts and Business Education. Other activities are concerned with the special needs of the Handicapped, Disadvantaged, Corrections Education, Limited-English Proficient and Displaced Homemakers, Guidance and Counseling, Cooperative and Work Study, Apprenticeship, Technical Education, Industrial Education, Defense, Labor and Private Sector collaborations.

Several vocational training programs and related services for displaced workers have been available for rural populations impacted by the economic adjustments of the recent past.

Rural Rehabilitative Services

National Institute on Disability and Rehabilitation Research (NIDRR): The NIDRR funded a Rehabilitation Research and Training Center at the University of Montana which focused on Rural Rehabilitation Services. This center has a mission of improving the lives and enhancing the independence of Rural Americans with disabilities.

NIDRR funded two Research and Training Centers on the rehabilitation of Native Americans. The center at Northern Arizona University activities include: a survey of American Indian populations to determine the incidence, prevalence and demographic distribution of disability, determine levels of employment and unemployment for Indians with disabilities and identify patterns of service use; analyze labor market conditions on and around Indian reservations and develop model job training programs that take into account these labor market conditions; and develop and evaluate culturally sensitive methods for assessing rehabilitation needs of American Indians.

The RTC at the University of Arizona will: design and establish culturally sensitive model assessment tools to identify needs of disabled Indians; conduct rehabilitation workshops to identify rehabilitation training needs and to provide training to rehabilitation service providers, researchers, managers, policy makers and American Indians.

Special Education Programs: Special Education programs funded 41 grant awards in 26 States during FY'88 including 29 grants from specific rural competitions.

Special Projects

Migrant Project: The Rehabilitation Services Administration (RSA) awarded two new three-year migrant project service grants to the Indiana Department of Human Services and to the Montana Department of Social and Rehabilitation Services. Nine continuation project awards were made to State rehabilitation agencies in Texas, Washington, Illinois, New York, Utah, Idaho, Virginia and Mississippi. These projects focus on the vocational rehabilitation needs of handicapped migratory agricultural and seasonal farm-workers and their families.

Indian Projects: RSA funded six new and eight continuation vocational rehabilitation service projects for handicapped American Indians.

Office of Educational Research and Improvement

The Office of Educational Research and Improvement (OERI) supports and conducts research on education, collects and analyzes education statistics, administers grant and contract programs to improve libraries and library education and distributes information to parents, students, teachers, school administrators, policy makers, researchers, the media and others. The work of OERI is carried out by five program offices: Office of Research; National Center for Education Statistics; Programs for the Improvement of Practice; Library Program; and Information Services. National Center for Education Statistics: The National Center for Education Statistics has developed a rural "typical model" defining "rural" as a place with less than 2,500 people as indicated by the Census Bureau. The primary data base for the type of locale study was the 1987-88 NCES Common Core of Data School Universe File. It contains a record of every public elementary and secondary school in the United States and its possessions. The Common Core of Data file will also be used to generate other rural statistics.

Regional Educational Laboratory Programs

The Regional Educational Laboratory Programs: The nine regional educational laboratories provide research, development, and technical assistance with their multi-State regions. In 1987, Congress passed legislation providing funds for rural projects across the laboratories. In fiscal 1988, the laboratories responded to eight major priorities established by OERI —

1) Providing a full range of course offerings in rural, small schools;
2) Strengthening course offerings in rural schools;
3) Strengthening rural students' reasoning and thinking skills;
4) Improving achievement levels of rural, poor students;
5) Improving student transition from rural schools to work and post-secondary education;
6) Recruiting and training quality teachers for rural schools;
7) Strengthening partnerships between rural schools and the community;
8) Assisting rural schools to organize for rural development.

School Recognition Program

The National School Recognition Program: The purpose of the U.S. Department of Education's annual School Recognition Program is to identify and call attention to a diverse group of elementary and secondary schools that are unusually effective in educating their students with the resources available to them. To date, rural schools have not been selected for national recognition in proportion to their numbers. In an effort to remedy this situation, OERI took the following steps in 1988:

(1) held a briefing for State Liaisons west of the Mississippi to pay special attention to largely rural States;
(2) in response to their request, staff sent National recognition to State staff soliciting participation of schools in the Program;
(3) named to the national Review Panel three additional people with special expertise in rural education, capable of identifying an outstanding rural school and able to provide constructive feedback to those not exemplary; and
(4) featured a small rural school in Yakutat, Alaska, on the U.S. Department of Education's national radio program.

Information Services and Networks

National Diffusion Network: The National Diffusion Network (NDN) identifies exemplary educational programs and promotes them to schools throughout the country, providing training for teachers in schools that adopt programs. An estimated 5,500 rural schools installed NDN programs during the 1987-1988 school year at a cost of $2,500,000 to the NDN. Currently, 76 programs that are appropriate for use in rural areas are supported by NDN.

Information Services: The ERIC Clearinghouse of Rural Education and Small Schools (ERIC/CRESS) recently changed from New Mexico State University to the Appalachia Educational Laboratory in Charleston, WV. The subject coverage for this clearinghouse is rural education, small schools, American Indians and Alaskan natives, Mexican Americans, migrants and outdoor education.

To help educators and citizens become more familiar with the ERIC system a number of new ventures are planned including: a toll-free telephone information service; a parents' guide to resources in the ERIC database; camera-ready articles for rural news weeklies; and a host of other outreach activities.

Library Services: Under Title II many rural areas have made library services available through new construction, renovation, additions, energy efficiency, and access for the handicapped. Other provisions give small rural libraries access through the application of technology to library resources in major metropolitan libraries.

Office of Elementary and Secondary Education

The State-operated programs serve migrant, handicapped and neglected and delinquent children. Some 14,000 of a total 17,000 Local Educational Agencies (LEA) receive funds for Chapter I's supplementary services to children aged 5 to 17 years including neglected or delinquent children residing in local institutions. Many of these 14,000 LEAs serve rural populations.

Department of Energy

The Department of Energy (DOE) programs address specific technologies which can be used in any locale, urban or rural. While the Department does not have programs specifically target toward rural communities or residents, many DOE programs do help Rural Americans.

Office of State and Local Assistance Programs

The Office of State and Local Assistance Programs administers several State grant programs which affect rural areas indirectly. These programs are the Institutional Conservation Program, the Low Income Weatherization Assistance Program, the State Energy Conservation Program and the Energy Extension Service. In FY 1989 Congress made available $211.2 million for the State and Local Assistance Programs.

Following is some information on two other Office of Conservation programs relating to rural development: The Voluntary Residential Energy Conservation Standards and Least Cost Utility Planning in Northeast Rural Areas.

Voluntary Residential Energy Conservation Standards: Under Title III of the Energy Conservation and Production Act the Secretary of Energy has the responsibility for developing performance standards for new residential and commercial buildings. For the Federal sector the standards set mandatory performance levels in the design of Federal buildings. For the private sector the standards are voluntary and serve as guidelines by providing technical information and examples of energy efficient design practices. DOE has developed two standards for residential construction: a Federal residential standard and a voluntary non-Federal residential standard. The Federal residential standard and the voluntary residential standard provide a guide for private sector construction. Manufactured homes are one of the housing prototypes analyzed under both standards.

Particularly significant is the fact that in 1987 about 26 percent of all new single family homes sold were manufactured homes. Many of these are located in rural areas. Indications suggest that manufactured homes are capturing a significant part of the home sales market primarily for the following reasons: (a) the average price of manufactured homes in 1987 was $23,700; and (b) the average price of new site-built homes in mid-1988 was nearly $136,000 and the average price of used site-built homes was more than $112,000.

A joint effort by DOE and the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) culminated in the development of recommendations for the DOE Voluntary Non-Federal Residential Energy Conservation Standards. The recommendations of the ASHRAE Special Project-53 Committee will serve as the basis for DOE's voluntary residential energy standards.

Least Cost Utility Planning in Northeast Rural Areas: A new competitive solicitation on least cost utility planning (LCUP) issued during FY 1989 by the Department of Energy is aimed at northeast rural electric cooperatives. The grants when awarded will be for demonstrations of demand-side energy conservation options in rural areas.

Least Cost Utility Planning (LCUP) is a process in which utilities develop a plan for future provision of services through analyzing the growth and operation of their facilities after considering a wide variety of both supply and demand factors so the optimal way of providing energy services to the public can be determined. In the preparation of the plan consideration is given to ensuring reliable service to customers, economic stability and a reasonable return on investment for the utility, environmental protection, equity among ratepayer and the lowest cost to the utility and the customer. LCUP is involved in the development of data and analytical tools that can be used by utilities and regulators to identify and evaluate demand-side options in their planning process. The program also seeks to enhance the transfer of Federally developed technology and information relating to demand-side alternatives to utilities, regulators, researchers and energy users.

The Department Health & Human Services

The Department of Health and Human Services (HHS) administers a wide range of programs to enhance health and social services in rural areas.

Several financial assistance programs administered by HHS help States provide important social and health services to communities. These include six block grants that support maternal and child health services, preventive health services, social services, community services, home energy assistance, alcohol and drug abuse and mental health services.

Office of Community Services

The Department's programs for older Americans mandate special consideration to the special needs of the elderly residents. Thirty-five percent of the families and children served by the Head Start Program are in rural areas. The Office of Community Services directs discretionary grants for rural economic development, assistance for rural housing and community facility development, assistance to migrant and seasonal farm workers and demonstration grants that provide funds to communities to test ways of promoting self-sufficiency.

Entitlement programs administered by the Department provide either direct help or assist States in providing income and health insurance coverage to individuals. The benefits and income from these programs are significant factors in the rural economy. These programs include: retirement, survivor and disability benefits of the Social Security Act and means tested programs such as Aid to Families with Dependent Children (AFDC) and Supplemental Security Income.

Health Care Financing Administration

The Health Care Financing Administration (HCFA) administers the Medicare and Medicaid programs which provide significant resources for rural economic development in the health sector. HCFA also supports research and demonstration projects designed to study the characteristics of rural hospitals. To increase the availability of primary care in rural areas the Rural Health Clinics Program allows Medicare and Medicaid payments to be made to the nearly 460 rural health clinics where nurse practitioners and physician assistants furnish care without the direct supervision of a physician. A new Rural Health Care Transition Grant Program is being administered by HCFA which will provide assistance to encourage small rural hospitals to diversify or change their health care role in the community to better meet local needs.

Programs Directed to Rural America

The Public Health Service (PHS) has a number of programs directed toward the development of health care resources in Rural America. Community Health Centers (CHC) provide direct access to primary care services for 3 million people who reside in under-served areas. Migrant Health Clinics (MHC) provide health and environmental services to migrant and seasonal farm workers. Community and Migrant Health Centers are also eligible for special demonstration grants to provide case management services directed at reducing infant mortality and problems associated with low birth weights. The National Health Service Corps helps place physicians and other health care professionals in areas which cannot otherwise recruit or retain them. Over 50 percent of Corps providers serve in rural areas. Last year over 70 percent of new placement went to rural areas.

HHS funds a number of health profession training programs for family practitioners, nurses, nurse practitioners, physician assistants and nurse midwives. These grants provide significant improvement in the supply and distribution of primary care providers to under-served rural areas.

Area Health Education Centers

Area Health Education Centers (AHEC) provide a critical link between academic medical centers and clinical training in under-served areas through programs of continuing education, training and recruitment. Over three quarters of the 43 AHECs are involved in rural health activities.

Community Mental Health Centers provide services, consultation and education to under-served populations. The National Institute of Mental Health is currently monitoring four demonstration projects directed toward improving mental health services in rural areas.

The Indian Health Service (IHS) provides comprehensive health services to approximately 962,000 American Indians and Alaska Natives. Services are provided by a Federal staff through the operation of 45 hospitals, 70 health centers and 262 small health stations. These facilities are administered by tribal groups under self-determination contracts. Additional medical care is provided through contracts with private sector organizations where IHS facilities are not available.

The National Medical Expenditures Survey (NMES) is one source of information on the health of Rural Americans. Conducted by the National Center for Health Services Research (NCHSR), the NMES will be available in FY 1991 and will supply important information concerning the access and availability of essential health care to residents of rural areas.

Office of Rural Health Policy

The Office of Rural Health Policy (ORHP) works with other Federal agencies, States, National Associations and Foundations and private sector organizations to seek solutions to health care problems in rural communities.

ORHP supports five Rural Health Research Centers around the Nation. These centers collect and analyze information, conduct applied research on rural heath issues and distribute the results. The Office is developing a National Clearinghouse for the collection and dissemination of rural health information.

National Advisory Council on Rural Health

The recently established National Advisory Committee on Rural Health will meet three times a year and will seek to advise the Secretary on the priorities and strategies that should be considered for addressing the issues and unique problems related to providing and financing health care services in rural areas. The 18- member Advisory Committee includes members from both the public and private sectors with a broad range of experience in rural health.

The unique needs and characteristics of rural communities combined with the economic distress in certain rural areas often make it difficult to establish and maintain financially viable health care systems. Many small rural hospitals are facing significant financial problems due to declining occupancy rates and increasing costs. Rural communities continue to have problems in recruiting and retaining physicians, nurses, mental health specialists and other health professionals. The dramatic increase in physician malpractice premiums has created a shortage of obstetrical services in many rural areas.

The National Advisory Committee working with ORHP, HCFA and other Department components is currently preparing recommendations to the Secretary in a wide variety of areas. Among the issues being considered are how best to assure a more equitable payment structure under Medicare for rural hospitals and other providers, maintain the inpatient capacity of those rural hospitals that are truly "access critical," help rural communities improve their ability to recruit and retain health professionals, solve financial access problems of rural citizens in poorer areas, and improve the knowledge base regarding rural health.

The Department of Housing and Urban Development

The majority of the Department of Housing and Urban Development's (HUD) programs and grants are nationally comprehensive and therefore available to essentially any area of the country. Special efforts are being made in many instances to increase participation of people living in non-metropolitan areas. This is being accomplished by requiring a certain percentage of funds be allocated to non-metropolitan areas as is the case with the Section 202 program. The Community Development Block Grant (CDBG) and Urban Development Block Grant (UDAG) programs meet these goals by offering two separate categories of funds: "Entitlement" funds go to large cities; and "Small Cities" funds are reserved for smaller jurisdictions.

The Department's major program activities related to non-metropolitan areas are described below.

Community Planning and Development

Community Development Block Grants (CDBG): 30 percent of CDBG funding is allocated through the State program to non-entitlement units of government generally under 50,000 in population that are not metropolitan cities or part of an urban county.

The State Community Development Block Grant Program is HUD's primary vehicle for assisting the community development efforts of non-entitled communities under 50,000 population. States develop criteria by which communities are selected for funding. CDBG activities must meet one of the following national objectives: to benefit low-and moderate-income families; to aid in the prevention or elimination of slums or blight; or to meet an urgent community development need.

Following are some examples of CDBG activities in rural areas:

New Mexico earmarked 15 percent of its FY 1987 CDBG allocation for a rural set-aside for small communities. Alabama and Alaska set aside portions of their FY 1987 CDBG allocations for awards to small cities.

Knox County, Nebraska, and Liberty, Illinois used their CDBG funds to diversify their rural economies. Knox County used CDBG funds to convert a failing cattle feeding business into a holding facility for wild horses and burros. In Liberty farmers were finding their alfalfa crops unprofitable. CDBG funds were used to assist in establishing an alfalfa dehydration and cubing plant. The plant will produce feed cubes for race horses and dairy cattle from locally grown alfalfa.

Urban Development Action Grant Program

The Urban Development Action Grant (UDAG) Program promotes new or increased private investment in small cities which are experiencing severe economic distress. UDAG grants allow cities to respond to unique, perhaps one-time development opportunities and serve as additional funding that allows cities to capture and leverage significant private investments. UDAG funds can be used for a wide range of economic development activities that involve partnership with the private sector. These activities may include: site improvements, provision of infrastructure, rehabilitation and construction of commercial, industrial and mixed-use developments. UDAG financing may be used in the form of equity financing that is required to allow a development to proceed that could not go forward otherwise.

In FY 1988 the Urban Development Action Grant Program funded non-metropolitan small cities with $67.7 million for 76 projects.

Rental Rehabilitation Program

The Rental Rehabilitation Program (RRP) was enacted on November 30, 1983 to increase the supply of standard affordable housing to lower income tenants. The program increases the supply of private market rental housing available to lower income tenants by providing government funds to rehabilitate existing units and by providing rental assistance to lower income persons. State and local governments have the flexibility to design and operate programs unique to their needs. Rural Rental Rehabilitation Program (RRRP)

Section 311 of the Housing and Community Development Act of 1987 authorized the Secretary of HUD to establish a rural rental rehabilitation demonstration program. In FY 1988 $51 million in RRRP grant funds were allocated to States for small cities. Estimates indicate that 350 small cities are participating in State Rental Rehabilitation Programs.

Urban Homesteading Program

The Urban Homesteading Program uses existing Federally-owned single family housing to provide ownership opportunities to lower income families. Individuals chosen as homesteaders receive conditional title to the property and agree to rehabilitate, maintain and occupy it as their primary residence for five consecutive years after which the homesteader obtains a fee simple title to the property.

Section 312 Property Rehabilitation Loans

The Section 312 Rehabilitation Loan Program provided direct Federal financial assistance to individuals in the form of home improvement loans at 3 percent or a higher interest rate with up to 20-year terms. Loans are also available to the owners of multifamily, commercial and mixed-use properties at Treasury bill interest rates.

Housing

Section 8 Rental Assistance

In FY 1988, $75,065,280 or 16.9 percent of Section 8 Contract Authority was reserved for non-metropolitan areas. In addition, FmHA has been working with HUD to implement the FY 1988 Rural America Initiative to make Section 8 Existing Housing Voucher rental assistance available to residents of rural areas. FmHA has been publicizing the availability of the Housing Voucher program and refers available houses to the 52 Public Housing Authorities (PHA) in 13 States that are participating in the program. FmHA is also informing HUD of vacant units that might be available for voucher holders. Approximately 2,400 units were reserved for this initiative.

Section 202 Elderly Housing

In FY 1988, $155,109,900 which represents 20.3 percent of Section 202 Loan Authority was reserved for 2,803 units in non-metropolitan areas.

FHA Single Family Mortgage Insurance Programs

All FHA single family mortgage insurance programs including Title I loans for property improvement and manufactured housing are available to Rural America. Although data is unavailable specifically for rural areas these areas have benefitted from the overall increase in FHA single family mortgage insurance volume and the Department's outreach efforts to serve rural areas. Recent efforts have included increasing mortgage limits for rural counties and implementing regulations making FHA insurance available on Indian reservations.

In previous years HUD-FHA has encouraged program use in rural areas in several ways:

Field offices have facilitated HUD programs in rural areas by using such methods as payment of fees to real estate brokers to arranging loans, processing applications using FmHA and Freddie Mac applications and appraisal forms and providing Title II insurance for manufactured housing loans.

Continue expansion of the Direct Endorsement program permitted loan correspondents to participate on a limited basis. Loan correspondents may order appraisals, prepare loan applications and close loans on behalf of Direct endorsement approved lenders. Because many loan correspondents originate loans in rural areas, this change has made FHA insured loans much more accessible to rural areas. Direct endorsement accounted for 90 percent of all FHA insurance activity in FY 1988.

Public Housing

The public housing program enables State and local governments to provide housing to low-income families. HUD provides funds for development, operation and maintenance of such housing.

While the public housing program serves the total Nation, roughly 20 percent of the 1.3 million unit public housing inventory is located in rural areas.

Indian Housing

HUD provides assistance and leadership in the development and management of housing for American Indians and Alaska Natives. For over two decades HUD has been the primary source of standard housing for American Indians and Alaskan Natives. In contrast to the public housing program 95 percent of the units in the Indian housing program are located in rural areas.

Fair Housing and Equal Opportunity

During FY 1988 the Office of Fair Housing and Equal Opportunity awarded over $8 million to State and local agencies and Community Housing Resource Boards to fight housing discrimination. These funds were for a variety of special projects, educational and outreach activities and legal and audit work, all utilizing a broad spectrum of community resources to help eliminate discrimination in housing.

Project Self-Sufficiency

In 1984 HUD began Project Self-Sufficiency to bring very low-income single parents into the economic mainstream through a comprehensive program of housing, child care, transportation, education, counseling, job training and job placement assistance. Although this program was primarily urban it was available to rural areas.

The Small PHA/Rural Area Housing Voucher Demonstration

The Department of Housing and Urban Development established the Small PHA/Rural Area Housing Voucher Demonstration in 1985 to determine how well the Section 8 Housing Voucher Program works in small cities and rural areas. Thirty-three small cities and rural public housing agencies, two multi-county agencies and six State agencies were selected to participate in the demonstration. They will be provided $52,850,000 over five years to assist approximately 2,580 families to obtain adequate housing. The 41 agencies selected to participate in the demonstration were chosen to ensure that 50 percent of the housing vouchers would be used in rural areas and the remainder in small cities.

Rural Mortgage Credit Availability Study

Section 312 of the Housing and Community Development Act of 1987 directs HUD to conduct a study of the availability and use of residential mortgage credit in rural areas with particular emphasis on communities that have populations less than 2,500. HUD has contracted with the Urban Institute to conduct the study using existing data. The study will identify National patterns of mortgage credit, focusing on the differences between urban and rural areas using published sources; examine the availability of credit in non-metropolitan areas using a sample of 200 rural counties; and attempt to explain rural credit patterns.

Department of Interior

Many of Department of Interior activities affect rural development. The majority of Interior's activities center in and around rural areas and both directly and indirectly contribute to the Nation's rural economy and well-being.

The Bureau of Land Management

The Federal Land Policy and Management Act of 1976 charges the Bureau of Land Management (BLM) to manage nearly 300 million acres of Federal lands mostly in the West and Alaska using principles of multiple use and sustained yield. The lands managed by BLM constitute one-eighth of the Nation's land area. Day to day management of BLM lands is done out of 12 State offices and mainly rural 55 district offices that provide employment and income to many rural communities.

Public lands represent a vast storehouse of natural and mineral resources. Most of the lands are available for private interests to lease and annually produce 115 million barrels of oil, 1 trillion cubic feet of natural gas and more than 100 tons of coal as well as more limited quantities of potash, sodium, sulphur, uranium and other minerals.

Other economic enterprises that utilize public lands include, leasing lands for livestock foraging and more than 1 billion board feet of lumber is harvested each year from BLM controlled acreage Most of BLM's 300 million acres are open to the public for a wide range of recreational activities including, camping, hunting, fishing, skiing and hiking.

The Bureau of Reclamation

The Bureau of Reclamation (BOR) was established in 1902 to "reclaim" the arid lands of the American West for farming by providing a secure year-around supply of water for irrigation. BOR projects include the construction and management of famous Grand Coulee Dam on the Columbia River and the Hoover Dam on the Colorado.

As population and economic activities grew in the American West the role of BOR was expanded to include additional sources of irrigation water, hydroelectric power generation, municipal and industrial water supplies, river regulation and flood control, recreation facilities, and the enhancement of fish and wildlife habitats.

United States Geologic Survey

The United States Geologic Survey (USGS) was established in 1879 to conduct the systematic and scientific classification of public lands and to examine their geologic structure and mineral resources. Central to this mission is the publication and distribution of the earth-science information needed to understand, plan and manage the Nation's energy, land, mineral and water resources.

Today the USGS is the Federal Government's largest earth-science research agency, the Nation's largest civilian map-making organization and the primary source of data on the Nation's water resources. Current activities of the USGS include: Conducting basic and applied research in geology, hydrology, mapping and related sciences; Assessing of energy and mineral resources; and Study of water resources and the impact of human activities and natural phenomena on hydro-systems.

Office of Surface Mining Reclamation and Enforcement

The Office of Surface Mining Reclamation and Enforcement (OSMRE) was established in 1977 to protect people and the environment from the adverse effects of coal mining while recognizing the Nation's need for coal as and energy source.

OSMRE regulates current mining operations and has established uniform standards for reclamation of those lands after mining. OSMRE also helps repair lands that were mined, abandoned and left unclaimed from past mining operations. OSMRE maintains an oversight role to insure Federal Standards are upheld in the reclamation of mined lands. Minerals Management Service

The Minerals Management Service (MMS) was created in 1982 to a) collect and disburse revenues generated from mineral leased on Federal and Indian lands, and b) oversee the development of the Nation's offshore energy and mineral resources while properly safeguarding the environment. Revenues from Federal lands are mainly returned to the United States Treasury while the revenues from Indian lands are directed to the Bureau of Indian Affairs for distribution to Tribal Governments and individual native Americans.

MMS manages the Interior Department's leasing program for the Federal Outer Continental Shelf (OCS) lands that portend vast potential for supplying future oil, gas and mineral needs. MMS monitors drilling and extraction activities to insure environmental protection and proper royalty collection.

Bureau of Indian Affairs

The Bureau of Indian Affairs (BIA) is the Federal Agency responsible for direct government to government relations with Native American Indian Tribal governments and Alaska Natives village communities. Roughly half of the 1.4 million Native Americans and Alaska Natives belong to Federally recognized Tribes and communities and live on or near reservations. A primary goal of the BIA is to promote the policy of self- determination and support Tribal and community efforts to self-govern.
BIA also helps Tribal Governments with the management of portions of the 53 million acres held in trust for Native Americans and Alaska Natives. BIA assist in the development of forest and extractive activities as well as protecting water and natural resources and land rights.

BIA funds 181 elementary and secondary schools and has vocational, adult and college assistance programs to help address the broad educational needs of these populations. BIA assists the Tribal Governments develop local and community services including, road construction and maintenance, social services, police and fire services and economic development activities.

Fish and Wildlife Service

The mission of the Fish and Wildlife Service (FWS) is to conserve, protect and enhance the Nation's fish and wildlife and their respective habitats. The Service is responsible for migratory birds, endangered species, freshwater and anadromous fisheries and some marine mammals. Most of the Service's offices and other activities are located in rural areas.

The Service manages more than 400 National Wildlife Refuges that provide habitat for migratory birds, endangered species and other wildlife and wildlife oriented public recreation. The Service also regulates the hunting of migratory birds and leads efforts to protect and restore endangered and threatened plant and animal species in the Unites States and abroad. The Service operates National fish hatcheries and conducts programs to conserve, protect and restore Nationally significant fisheries.

National Park Service

The National Park Service (NPS) established in 1916 manages more than 330 National Parks, Monuments, Historic Sites, Battlefields, Seashores, Lakeshores and recreational areas across the Nation. NPS facilities and locations attract 250 million visitors annually which significantly impact many rural economies through tourism, employment and other economic activities.

Department of Justice

Utilizing a vast array of human and technological resources, the Department pursues its mission to protect the public against criminals and subversion, ensure healthy competition between businesses, safeguard the consumer and enforce drug, immigration and naturalization laws. The Department aids economic development in the United States, including rural areas, by seizing criminal assets, prosecuting operators of illegitimate businesses and housing prisoners.

The Department has implemented specific programs designed to meet the special needs of State and local organizations, including those in rural areas of the Nation. The Department's Office of Justice Programs (OJP) functions as a financial, informational and instructional link between Federal, State and local law enforcement and between citizen organizations. Within the OJP the Bureau of Justice Assistance (BJA) and the Office of Juvenile Justice and Delinquency Prevention (OJJDP) provide financial assistance to State and local organizations in the form of grants.

The BJA administers the Drug Control and System Improvement Grant Program established by the Anti- Drug Abuse Act of 1988. This program will provide funds and technical assistance to State and local governments to control crime, drug abuse and will serve to improve the Nation's criminal justice system. This initiative awards programs that emphasize National drug control priorities and functional improvements in the criminal justice system.

States may apply for a grant from BJA and in doing so must present a Statewide strategy for controlling drug-related and violent crime. The strategy is to be based on consultation among State and local officials. The strategy must also include a plan for coordinating the program with State and local drug abuse education, prevention, research, and treatment programs.

States with approved programs will receive $500,000. The remainder of the block grant funds will be distributed to States in ratio to their population, local governments in ratio to their aggregate criminal justice expenditures and to all jurisdictions in relation to greatest need.

The OJJDP established in 1974 administers the State Relations and Assistance Division (SRAD), which encourages State and local governments and private organizations to plan, establish, operate, coordinate and evaluate juvenile justice projects through formula grants to States. These grants are used to develop more effective education, training, research, prevention, diversion, treatment and rehabilitation programs to prevent delinquency and improve the juvenile justice system. To receive assistance from SRAD's Formula Grant program States must submit a State plan outlining how the funds will be used.

In FY 1987, 55 of 59 eligible jurisdictions participated in the Formula Grants Program. These States and territories collectively received formula grant awards totaling $40,765,000. In addition to providing technical assistance to the States to improve their juvenile justice systems, a major emphasis of State programs has been the identification and implementation of alternatives to secure confinement for status offenders and non-offenders, the separation of juveniles from adult offenders in institutions and the removal of juveniles from all adult jails and lock-ups.

The Drug Enforcement Administration (DEA) in cooperation with the Departments of Agriculture and Interior also contributes funds, training, equipment, investigative and aircraft resources to State and local agencies involved in the eradication of domestically cultivated cannabis in the United States. This Domestic Cannabis Eradication/Suppression Program (DCE/SP) is the Government's primary marijuana law enforcement program. The DCE/SP began in Hawaii and California in 1979. Participation in the program increased to 47 States in FY 1988, which shared DEA's program budget of $3.8 million. The funds help offset State and local law enforcement expenses directly related to the eradication efforts.

In 1987 participating States received allotments ranging from $4,000 to over $500,000. In each participating State a Special Agent from the DEA serves as the State's DCE/SP coordinator. The agency develops an operational plan for the State eradication program in conjunction with State and local counterparts. The DCE/SP program resulted in the detection and destruction of 7.4 million cultivated plants and the seizure of approximately $14 million in drug-related assets Nationwide in 1987.

The Immigration and Naturalization Service (INS) is another part of the Department of Justice involved in rural development programs in the United States. Following the enactment of the Immigration Reform and Control Act of 1986 (IRCA) the INS implemented the Special Agricultural Worker (SAW) Program. This initiative provides temporary resident status to alien workers performing field labor in perishable agricultural commodities.

It should be noted that if during FY 1990 through 1993 there is a shortage of seasonal agricultural workers as determined by the Secretaries of Labor and Agriculture, additional special agricultural workers can be admitted or adjusted to temporary resident status under the Replenishment Agricultural Worker (RAW) Program.

Department of Labor

Rural Development Policy Workshops

Rural Development Policy Workshops: The Employment and Training Administration (ETA) Office of Strategic Planning and Policy Development entered into an interagency agreement with the Department of Agriculture (Extension Service) to support a series of regional group workshops with representatives of over 30 rural agencies to help formulate a consensus about the most critical National and regional policy issues facing the Nation's rural communities. The workshops were held in the Fall of 1988 in Minneapolis, MN; Syracuse, NY, Birmingham, AL; and Reno, NV.

The major objectives of the conferences which were organized and coordinated by the Texas A&M University Agriculture School and the Texas Agriculture Extension Service follow: (1) identify the most critical rural development policy issues, options and the consequences of inaction; (2) educate rural leaders about the various policy issues, options and the consequences of inaction; (3) reduce fragmentation between competing farm organizations and increase communication between and within levels of government and others working in the area of rural development; and (4) provide a coalition of organizations working together with the information of the consensus positions which can be used for developing initiatives for solving the rural development problems.

The conferences were well attended with an estimated 150 to 200 participants at each location. Representatives from Texas A&M will now review the record of each conference and prepare a final report. The report will include discussion of the policy options developed and should be completed and available in the Spring of 1989.

Job Training Partnership Act

Job Training Partnership Act: Title III of the Job Training Partnership Act (JTPA) provides for employment and training services for dislocated workers. Section 302 of the JTPA authorizes services for the self- employed, including farmers. 20 CFR 631.30(a)(4)(i) of the JTPA regulations as amended in 1986 identifies the self-employed including farmers and ranchers as eligible individuals for services under Title III if they are unemployed. To implement the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA), 20 CFR 631 was revised in 1988. Section 631.3(b) of 20 CFR replaces the former section 631.30(a)(4)(i) but continues to include farmers and ranchers as potentially eligible self-employed dislocated workers.

A substantial amount of Title III funds are given to States each year to be used at the discretion of the Governor in providing employment, training and other related services. Farmers and ranchers are included in the group targeted by this program.

Title III also provides the Secretary of Labor with a discretionary allotment; the Title III National Reserve account. Since 1984 including the transition period from CETA grants funded from the Secretary's Title III discretionary allotment specifically to provide services to farmers and ranchers have involved all or parts of 22 States and have totalled $17,396,964.

During Program Year 1988 the Department set aside $5 million in JTPA Title III National reserve funds primarily to assist drought-impacted migrant and seasonal farm workers. Grant awards were made to 13 different States. Funds provided for this special effort could be utilized for any activities authorized by JTPA Title III including extensive supportive services.

Department of Transportation

Following is a listing of the programs administered by the Department of Transportation (DOT) that impact Rural America.

Urban Mass Transportation Administration

Public Transportation programs are administered by the Urban Mass Transportation Administration (UMTA). Funds are provided to improve, initiate, or continue public transportation service in non-urbanized areas. Funds may be used for the acquisition, construction, and improvement of facilities and equipment. Funds may also be used for eligible capital expenses, project administration, and operating expenses needed to provide efficient and coordinated public transportation service in non-urbanized areas. Projects must provide for the maximum feasible coordination of public transportation sources assisted under this Section with other transportation services and must provide for the maximum feasible participation of private operators.

This program operates under a statutory allocation formula to the States. The Federal share for eligible capital and project administration costs shall not exceed 80 percent. The Federal share of the eligible operating deficit or user-side subsidy deficit requires a 50/50 match.

Rural Transit Assistance Program

The Rural Transit Assistance Program Section (18(h)) serves the same constituents as the Section 18 program and is intended to be a broad and flexible program of training, technical assistance, research and other support services for non-urbanized transit. It provides funds to assist in the design and implementation of training and technical assistance programs and other support services tailored to meet the specific needs of transit operators in non-urbanized areas. The program has two components: A State program provides an annual allocation to the States (85 percent) to develop and implement training and technical assistance program in conjunction with their administration of the Section 18 formula assistance program; A national program element (15 percent) develops information and materials for use by local operators and State- administering agencies.

Special Programs

The Transportation for the Elderly and Handicapped (Section 16 (b)(2) program provides assistance in meeting the transportation needs of elderly and handicapped persons where existing services are unavailable, insufficient, or inappropriate. This is a capital grant program for the purchase of vehicles and related support equipment.

Formula grants are made to States which then make grants to cities and local public agencies. Vehicles acquired under the program may be leased to private operators to provide services. Grants are also made to private nonprofit organizations through a consolidated State application on behalf of the individual organizations. The Federal maximum share of eligible project costs is 80 percent.

The Essential Air Service to Small Communities program is administered by the DOT Office of the Assistant Secretary for Policy and International Affairs. Subsidies are paid to reimburse air carriers for financial losses incurred in serving designated areas. The program guarantees a specific level of essential air service for a ten-year period (1989-98) to ease the transition from a regulated to a deregulated industry. An eligible community is one which was receiving certificated air carrier service on the date of enactment of the Airline Deregulation Act of 1978.

Under the Airport Improvement Program grants are made by the Federal Aviation Administration (FAA) for planning, constructing, improving or repairing public use airports or portion thereof consisting of: development of airport master plans, development of airport system plans, development and carrying out of airport noise compatibility programs, land acquisition, site preparation, construction, alteration and repair of runways, taxiway, aprons and roads within airport boundaries, construction and installation of lighting utilities, navigational aids and certain off-site work, safety equipment required for certification of airport facility, security equipment required of the sponsor by the Secretary of Transportation by rule or regulation for the safety and security of persons and property on the airport, snow removal equipment, terminal development and aviation related weather reporting equipment and equipment to measure runway surface friction. Grants cannot be made for the construction of hangars, parking areas for automobiles, or for buildings not related to the safety of persons on the airport. Technical advisory services are also provided. Of the total available funds, approximately 23 percent is expended for general aviation operations, small commercial airports, system planning and non-hub airports in counties and municipalities. Planning, development and noise programs require a 90/10 Federal/State match. Funding for terminals is a 50/50 match.

The National Highway Traffic Safety Administration administers grants to address problems identified within six national priority program areas of Alcohol Countermeasures, Policy Traffic Services, Occupant Protection, Traffic Records, Emergency Medical Services and Safety Construction and Operational Improvements. The law provides that at least 40 percent of the Federal funds apportioned to the States will be expended by political subdivisions of the state.

Funds are apportioned by formula: 75 percent apportioned on total resident population; and 25 percent on public road mileage in the state. There is a 75/25 Federal/State matching requirement for program funds.

The Motor Carrier Safety Assistance Program (MCSAP) makes grants to States and are passed to local governments for the inspection of commercial motor vehicles and safety reviews of motor-carriers. The program requires a 80/20 Federal/State funding match.

Federal Highway Administration

The Federal Highway Administration (FHWA) provides funds to assist State highway agencies in the development of an integrated, interconnected network of highways by constructing and rehabilitating the

Interstate system and building or improving primary, secondary and urban systems, roads and streets; to provide aid for their repair following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes, e.g. hazard elimination and rail crossing programs. Federal funds for rural roads and bridges are generally limited to those roads that are on the Federal-aid highway system. The designated rural Federal-aid primary system consists of about 300,000 miles. The designated rural Federal-aid secondary system consists of about 400,000 miles. In 1986, the Federal Highway Administration identified about 20,000 primary and 30,000 secondary and safety programs are 90/10 Federal/State matching, primary, secondary and urban roads 75/25, and bridge funding is 80/20 matching.

Rural Technical Assistance Program

The Rural Technical Assistance Program is administered by the Federal Highway Administration to help State and local governments meet growing demands on rural roads. The program focuses on rural roads, bridges, and public transfer of technology, on-site demonstrations, microcomputer software development, training workshops, user manual/guidelines, and special studies to aid rural areas. Funding to technology transfer centers is matched 50/50 by the States.

Office of Technology Sharing

The Office of Technology Sharing, in the Research and Special Programs Administration, issues research results and reports from all DOT modal administrations and reprints the results of innovative State and local research initiatives, which are made available to rural and small community governments. A toll-free hot line is available for local and State governments to request on-site assistance.

Environmental Protection Agency

The Sector Studies: The Environmental Protection Agency (EPA) convened an agency task force to assess the impacts of forthcoming programs on local governments, small businesses and agriculture. The report highlighted those communities, industries and farms expected to be most impacted by the costs of forthcoming environmental regulations. Further analyses are being conducted on measuring the financial capability of local governments including rural communities and developing better analytical tools to address the impacts of environmental regulations on agricultural enterprises.

Wellhead Protection

Wellhead Protection: The Safe Drinking Water Act as amended in 1986 gave States the authority with EPA guidance to develop Wellhead Protection Area Programs to protect public water supplies. Localities within a State may select public water supplies that need protection and develop a wellhead protection management plan to limit the amount of ground-water contamination that may occur in the wellhead area.

Small Communities Coordinators

Small Communities Coordinator: EPA has established "Small Communities Coordinators" to ensure the concerns of small communities are given appropriate attention and consideration by the Agency. The primary function of the new unit is to fully implement the Regulatory Flexibility Act which requires Federal agencies to consider small entities, small businesses, governments and non-profit organizations when developing regulations. EPA is considered the model agency within the Federal Government in doing this and has had a program for small businesses for several years. The new unit provides a similar program for small communities which because of their size and limited resources face difficulties in complying with environmental regulations. The new Coordinator will help ensure that adequate consideration and consultation with small communities occurs in the development of EPA regulations. Other tasks include coordinating within the Agency so that environmental management and technology transfer systems such as innovative financing techniques, special training and peer-to-peer opportunities and other appropriate information are available.

Office of Air and Radiation

Office of Air and Radiation: EPA's Office of Air and Radiation is concerned with the effects of air pollution on rural areas. The effects of air pollution on agricultural and forest yields are recognized as a significant public concern. Current issues, such as acid rain and global warming may have special significance for rural areas. EPA continues to work closely with the U.S. Department of Agriculture and farming interests on the impacts of EPA's motor fuels regulations on farming-related fuel supplies and on the evaluation of alternative motor fuels, especially those that are derived directly or indirectly from grains.

Public-Private PartnershipInitiative	Public-Private Partnerships: The Environmental Protection Agency administers the Public-Private Partnerships Initiative designed to encourage greater private sector involvement in traditionally public environmental services. Small rural communities can learn of alternative financing techniques and innovative management practices to help meet local environmental needs.
Agricultural Chemicals in Ground-Water Strategy	Agricultural Chemicals in Ground-Water Strategy: The Agency has proposed an "Agricultural Chemicals in Ground-water Strategy" to protect the ground-water resources with specific attention to the prevention of contamination of current and potential drinking water supplies. Baseline protective efforts will be applied primarily to those waters that are a current or potential source of drinking water or which are vital to fragile ecosystems. The Agency will use existing protection goals for pesticides in ground-water as a basic point of reference for both prevention and response actions. EPA intends to adopt a new approach of differential management of pesticide use based on differences in ground-water use, value and vulnerability to the extent feasible. EPA also encourages the development of a strong State role in local management of pesticide use to protect the ground-water resource. States have the opportunity to develop and implement highly tailored prevention measures based on area specific differences in ground-water use, value and vulnerability. Users are to be provided with better information, training and registrant responsibilities will also increase. In addition, the Agency has published a series of Health Advisories on specific individual pesticides and ground- water. Increased monitoring of pesticides in ground-water is critical to the implementation of this proposed strategy.
Data Base	National Survey of Pesticides in Drinking Water Wells: EPA's Offices of Pesticides Program and Ground- water Protection are conducting a "National Survey of Pesticides in Drinking Water Wells" to augment the pesticides-in-ground-water data base. From a list of some 50,000 community water systems complied for the purpose approximately 4,000 wells were selected randomly for this one-time National survey. The States are conducting the sampling of these community and domestic systems for the EPA.
Certification and Training Program	Certification and Training (C&T) of Pesticide Applicators: The C&T Program provides guidance and certification funds to all EPA programs and all State Lead Agencies. Secondly, the program funds training of pesticide applicators through USDA's Extension Service; each State Extension Service office is provided funds for this purpose. USDA/Extension Service is responsible for providing the training and retraining for individuals seeking certification or recertification. The C&T Program develops or upgrades training materials, supports C&T workshops and seminars, conducts ongoing programs such as joint training reviews with USDA and funds special emphasis projects some of which would not be accomplished otherwise. C&T also addresses the need for new training materials resulting from emerging issues, e.g., pesticides in ground- water.

Farm Worker Safety

Farm Worker Safety: Still another water program focuses on pesticides safety. The Agency provides educational materials prepared for farm workers. These materials include posters, handbooks, videos and slide shows for farm workers and non-certified applicators. To decrease further the occupational exposure of workers to agricultural pesticides EPA is proposing extensive additions and revisions to current requirements that protect workers from adverse pesticide exposure. The changes would deal with personal protective equipment, re-entry intervals, training and availability of medical treatment. They should serve to reduce substantially the productive time lost due to illness or injury from pesticide exposure.

Mobilization Strategy

Drinking Water Mobilization Strategy: EPA hopes to increase awareness and knowledge of the drinking water program through a five-year project called the Mobilization Strategy. EPA will work with as many agencies and organizations as possible to provide technical assistance, education and training to owners and operators of small community water systems. This effort will have a positive impact on the rural communities by providing a better quality drinking water. Under this plan the Agency is also investigating innovative financial support to fund construction and improvements of small water system.

Small Community Wastewater Treatment Outreach Program

Small Community Wastewater Treatment Outreach Program: The Small Community Wastewater Treatment Outreach Program works through EPA Regional Wastewater Management Information and on site assistance to small communities and rural areas. Two key components are the treatment plant operation and maintenance training and assistance program and the Small Flows Clearinghouse which provides information and training on small community wastewater technologies.

Training and Technical Assistance Program

EPA supports the National Rural and Small Water System Training and Technical Assistance Program which provides grass-roots training and technical assistance to meet the needs of small drinking water systems including: operation, management, finances and compliance.

National Advisory Council

National Advisory Council for Environmental Technology Transfer: EPA has recently created a National Advisory Council for Environmental Technology Transfer. This 37-member Council includes representation from all levels of government, business, industry, academia and environmental groups. Environmental communities will be a key focus of this Council and its working committees.

As part of the Agency's overall rural development activities, EPA maintains a close working relationship with the States and with a large number of related associations and organizations. EPA is providing assistance to States and key organizations to help deliver technical and financial management information and compliance assistance to rural entities.

Small Business Administration

In February of last year the Small Business Administration (SBA) announced the Agency's rural development initiative: "Assisting Committed Communities with Effective Solutions for Success" (ACCESS '88).

ACCESS '88

A major achievement of ACCESS '88 was the publication of Working Together: A Guide to State and Federal Resources for Rural Economic Development, a guide outlining Federal rural development programs on a State-by-State basis. The guide also lists various State programs that assist rural areas. Over 700 programs are listed with specific contact names and other pertinent information.

During FY 1988 nearly $865 million in guaranteed business loans were approved for rural small businesses. This represents 25.3 percent of the SBA's business loans for the year. That figure is particularly significant and indicative of the SBA's commitment to Rural America because only 20.6 percent of the Nation's small firms are located in non-metropolitan areas.

Certified Development Companies

Seven of the eight new Certified Development Companies (CDCs) approved last year will serve rural areas. 54.5 million loan dollars from the Agency's 465 CDCs went to rural firms during the year in question.

Loans equate to jobs in rural areas. In Maine, seven loans helped create or save 149 jobs and in Springfield, Missouri, 1,114 jobs were created or saved from 110 loans made.

The increased lending activity in rural areas is the result of an effort to teach rural bankers how to make SBA loans. In Rhode Island 60 loan officers from rural banks attended workshops on SBA eligibility standards, loan packaging, servicing and liquidation, the secondary market and SBA's business development programs.

During five field hearings and 10 regional round-table meetings held last year, rural residents told SBA officials of the lack of information available on government programs. Over 1,500 business and community leaders presented their views on rural economic development at the hearings held in Iowa, Pennsylvania, New Mexico, California and Alabama. These meetings identified eight areas needing additional emphasis emerged: access to information; training; financing; markets; technology; infrastructure; workforce; and leadership.

Special Projects

Over the last year the SBA has informed thousands of rural entrepreneurs about SBA's programs and those of other Federal and State agencies by directing every District office to sponsor a rural economic development symposium. Some districts held State-wide conferences; others held regional meetings or local workshops across the respective State.

In Arkansas SBA held a Rural Economic Development conference in Little Rock with cooperation from over a dozen State, local and private sector sponsors participating. Different workshops were offered during the day-long event and individual counseling was provided by loan officers, procurement specialists and representatives from SCORE (Service Corps of Retired Executives).

Target Community Program

Another method of providing information and assistance to rural communities was the Target Community program. Each SBA district office worked with State officials and local leaders in a least one community on a special outreach program. In Idaho SBA worked with the State Department of Commerce's "Gem Communities" program and in Illinois with the Department of Commerce and Community Affairs.

To participate, a community must request assistance from SBA and or the State. SBA then works with the State and Federal agencies to design special programs to meet the community's particular needs. One of the first target communities was in Sibley County, Minnesota. A cooperative pilot program was developed with the assistance of six Federal agencies, three State agencies, county and city officials, a regional Action Council and private sector. The County Commissioners hired a Rural Development Coordinator and are now developing an industrial park.

Management and Counseling Programs

SBA management assistance and counseling programs offer increased access to training and counseling to rural business owners. Examples of the program include: Small Business Institutes (SBI) that help rural areas diversify their respective economic base. In Ohio SBI students from the University of Cincinnati are conducting a feasibility study for an agribusiness incubator. In a South Carolina study local leaders have already selected a site for an incubator. In Strawberry Point, Iowa, the SBI and SCORE teamed up to help retail businesses increase their tourist trade.

In Boise, Idaho, the Service Corps of Retired Executives (SCORE) holds seminars on how to create "hometown" jobs in rural "Gem State" communities with materials from the National Association of Towns and Townships.

Cooperative Efforts

SBA's Nashville, Tennessee, District office will begin an outreach effort to small communities in cooperation with the Tennessee Valley Authority using a "Mobile Small Business Assistant Center."

The SBA Rural Economic Development Initiative is not comprised of new programs, rather it is an effort to target and direct existing programs and resources to rural areas. Each district selected a target community or area for intensive assistance. Some chose entire counties, others are working with Rural Enterprise Teams from the USDA and are concentrating on communities selected by the Teams. Nearly every district is working with more than one area.

Other SBA-sponsored programs include Small Business Development Center workshops on specialized subjects such as "retailing in rural communities" or "home based businesses." Specialized conferences include information on promoting tourism or managing businesses in the hospitality industry.

Local officials are finding that modern communication techniques are often the key to reaching small businesses in remote areas. SBA offices magnify their influence and accomplishments by using video tapes and teleconferencing.

A program to encourage greater cooperation between Federal and State agencies is succeeding at every level. The SBA signed a Memorandum of Understanding (MOU) with the Farmers Home Administration pledging cooperation between the two agencies' loan programs. District offices implementing the MOU provided staff orientation and cross training about various programs. Some District offices have initiated agreements between other Federal and State agencies that effect rural economic development.

Alliance '89

SBA's initiative is making a difference in rural America. The Agency is exploring ways to continue the momentum. The proposed focus of "Alliance 89", SBA's future strategy will include: increasing access to capital, management training and counseling programs and a continued effort to provide a wide range of economic development information. The program would emphasize local pilot and demonstration projects conducted in target communities. The major focus of the SBA's rural development program is to foster greater cooperation between Federal, State, local and private sector groups and in doing so will create a stronger "Alliance" for Rural Economic Development!

Veterans Administration

VA Health Care in Rural Areas: The Veterans Administration's (VA) comprehensive network of health care facilities represents a broad spectrum of medical care, from large tertiary care centers to small primary care clinics, that are situated in diverse geographic locations across the United States.

This network serves a veteran population of more than 27 million and includes 172 medical centers with a substantial number located in remote rural areas. A wide range of ambulatory care services is provided through VA medical center clinics and outreach programs. The smaller community-based clinics and outreach programs are especially designed to improve access to health care for veterans who live in areas of considerable distance from VA facilities where manpower resources are scarce.

Other programs used by the VA to reach veterans in rural areas include providing health care under VA auspices in non-VA hospitals, nursing homes and State veterans homes and use of sharing arrangements with other Federal facilities. A fee-basis program makes it possible for eligible veterans who do not have access to VA outpatient care or comparable services at another Federal facility to receive needed services from physicians in the local community.

This VA network of health care facilities with authorized community health care is well integrated into the fabric of rural America. It should be noted that ensuring that comprehensive health care services are available to veterans regardless of residential setting is a concern that has been addressed by the VA as well as Congress for the past few years.

Pilot Projects

Pilot Demonstrations: As a result of Public Law 99-500 two VA pilot demonstration projects have been implemented this past year to identify alternatives to special access problems of remote rural areas. The two demonstrations are located in the four corners area of northwestern New Mexico and the far counties of northern California. One is a joint endeavor with a local community clinic in Farmington, New Mexico. The other, a community-based clinic for primary and follow-up care in Redding, California is VA-sponsored. The clinics are being evaluated in terms of improving access to health care, the quality and cost of services and satisfaction of veterans.

Albuquerque VA Medical Center has plans to establish six clinics using the mobile team concept. The primary service area of the Albuquerque VA Medical Center has a widely dispersed population with limited public transportation, high levels of poverty and diverse ethnic groups. An innovative system of small community based clinics with a mobile "circuit" team visiting the clinics periodically is under development to address the health care needs of veterans in the remote areas of New Mexico.

The most recent legislative initiative, the Veterans' Benefits and Services Act of 1988, directs the VA to complete a two year pilot program to evaluate use of mobile clinics in four geographical areas of the United States. As required by legislation, Congress must specifically appropriate funds to support this pilot program; however, funds have not yet been appropriated.

Community Outpatient Activities

Increased VA Community Outpatient Activities: A Survey of VA outpatient activities conducted in July 1988 indicates that over 200 outpatient activities were held away from VA Medical Centers during FY 1987. Many of these activities were in the form of small clinics and outreach programs to provide services to veterans in rural areas. Various types of outreach programs were identified with the predominant one being mobile teams followed by outposts with a minimal staff for follow-up care and referral. A significant increase in outpatient activities held in areas away from VA Medical Centers was found to be evident particularly in the past three years.

Conclusions: In light of the multiple initiatives Congress and VA facilities have sponsored in the past few years, the impact on rural areas across the United States can be described as substantial. Rural health care is a major concern for the VA. The questions of resource policy and cost-effectiveness and the quality of health care for veterans who live in areas of limited resources and geographical inaccessibility will by necessity continue to be evaluated.

Department of Veterans Benefits

Department of Veterans Benefits: The Department of Veterans Benefits does not have any specific benefit program targeted directly to the development of Rural America. The benefits which this Department administers are available to all eligible veterans, their dependents and survivors no matter where they may reside.

VA's disability compensation and pension programs result in many deserving veterans, who reside in rural areas of America, receiving the monetary assistance they rightly deserve in recognition of their military service and sacrifices for their country.

Millions of veterans have taken advantage of the GI Bill to the benefit of Rural America. Many veterans still are enrolled in educational programs and continue to receive VA educational assistance.

Loan Guaranty Program

For years Veterans have bought and built homes financed through the VA Loan Guaranty Program. They have equal eligibility regardless of whether they reside in an urban or rural environment. This benefit has allowed millions of veterans to opt for a rural setting to raise their families in homes financed under this program.

Toll-free Information and Assistance Number

All veterans occasionally have need to contact our facilities seeking information or assistance concerning one or more of our benefit programs. In order to be of assistance the VA has established a nation-wide system of toll-free telephone service. This program was developed because many veteran beneficiaries reside in areas outside the local dialing area of VA Regional Offices. Because of this service millions of veterans from Rural America can easily inquire about any VA benefit program without having to pay for the cost of a long distance call.

Appalachian Regional Commission

Nine million people live in rural Appalachian communities. The future of these communities and the quality of life for rural people depend upon how well they adjust to the challenges of a global economy and the opportunities presented for rural development.

ARC Joint Resolution

During FY 1988 the Appalachian Regional Commission (ARC) carefully monitored rural areas of the Nation as well as the Region. Rural development issues were given top priority by the ARC. A product of commitment is the Joint Resolution adopted by the Federal Co-chairs and 11 Appalachian Governors. The Resolution asserted the need for a National rural development policy that incorporates the following principles:

A coordinated Federal/State emphasis by high officials with regard to rural development is essential. This will require gubernatorial participation from the States in all areas of design and implementation. The resolution advocates a Special Assistant to the President to coordinate Federal programs and policies for rural America and link Federal efforts to State and private sector activities.

The States should be expected to continue their leadership in devising new initiatives for rural areas.

Improved Targeting

Priority should be given to improved targeting of Federal resources; to eliminating administrative and regulatory barriers to the effective utilization of those resources; and to the use of those resources as incentives for programs of local service consolidation, education and training, technology transfer and entrepreneurial development.

Private Sector Involvement

All activities should be designed to foster more cooperation in encouraging private sector development in rural areas. Satisfying the needs of business for access to new technologies, adequate capital and technical assistance are important public concerns.

Human Resources Development

Strengthening the human resources of rural areas is key to development. Further improvements in education programs at all levels, dropout prevention, adult literacy and worker training programs should receive high priority.

Flexibility

Rural areas are economically, demographically and geographically diverse. Programs for development must be flexible and sensitive to various and different community, State and regional circumstances.

Rural development block grants or set-asides, among other alternatives, are examples of initiatives that can be structured to satisfy the foregoing principles.

The Commission adopted two changes in program policy designed to enhance rural development efforts in the Region. The first program change was in response to a legislative amendment that allows the Commission to provide assistance to private for-profit organizations. The Commission had previously been restricted to assisting private energy-related projects. The second policy change involved reaffirmation of the role of technology transfer in economic development and the earmarking of funds to carry out technology transfer programs.

Grants were subsequently approved for the Appalachian States and the Southern Technology Council. A conference was held on technology transfer, entitled "Taking Technology Home to Appalachia."

Attending the conference were more that 200 State and local economic development and technology program officials, State legislators, trade association and other business leaders, community college officials and others concerned with technology transfer.

ARC Projects

In FY 1988 the Commission funded projects totalling $106.7 million. $56.3 million was obligated for development of highways and $5.3 million for local access roads. By the end of the fiscal year two-thirds of the Commission's 3,025-mile highway system had been completed and 145.6 miles were under construction. In the non-highway area $45.1 million was used to assist 425 development projects. A summary of project activities by category follows: Community Improvement and Enterprise Development: In 1988 ARC's Community and Enterprise Development Programs and housing program continued to address the problems and opportunities of a regional primarily rural economy. The $36 million funding level maintains economic progress through the creation or retention of private sector employment and serves to help make the regional economy more competitive in the world marketplace.

ARC funded traditional infrastructure improvements for water, sewer, waste-water treatment, access roads and industrial park improvements; community or downtown revitalization; housing assistance in areas of critical housing need; local government consolidation demonstrations; and placed a new emphasis on business assistance.

Highlights of the 1988 program are:

Enterprise development activities focused on furthering business development in several ways: capitalizing six revolving loan funds to provide gap financing; assisting in the development of business incubators; and the funding technical assistance activities including business finance, procurement, export development, and marketing. Much of the technical assistance will be provided by the local development districts.

Three States recapitalized their Appalachian housing funds, adding $1.35 million toward the goal of stimulating the construction or rehabilitation of housing for low and moderate income families in areas where there is inadequate affordable decent housing.

Here are some typical projects that were funded under the area development program:

Mississippi

Kemper County (Mississippi) Small Business Incubator. A $250,00 ARC grant will assist in construction and development of an incubator in DeKalb. The structure will house a minimum of four small businesses employing 3-15 persons each. Tenants will occupy space for short periods of time, generally three years or less, at lower than commercial rental costs, until they become established and move out to other facilities. The incubator will also provide office space for a facility director and a common conference room.

Alabama

Town of Snead, Blount County, Alabama, Sewer Project. A grant of $200,000 will assist the Town of Snead install a municipal sanitary sewer system in a heavily agricultural, but growing, rural community. The system will enhance the economic base, improve and protect the quality of water services and eliminate potential health threats caused by failed septic systems. It will also lead to the retention of 110 jobs and the creation of 40 new jobs at the Liberty Trouser plant as early as 1989.

Kentucky

Recapitalization of Kentucky's Appalachian Housing Program. The program has used previous ARC grants to assist over 5,900 housing units, leveraging more than $93.5 million in private or other public permanent financing. The recapitalization of $750,000 will assist about 10 projects with an estimated 350 additional units of housing.

New York

Wellsville, New York, Water Treatment Facility. A $150,000 grant will help this community construct a new water treatment plant. The safety of the present water supply is threatened by a hazardous waste site that has been exposed by river erosion at an abandoned oil refinery upstream of the present raw water intake, threatening reliability of water for residential, commercial, and industrial use.

Local Development Districts

Support for Local Development Districts: The Commission is committed to supporting and strengthening local development districts. The entities are increasingly called upon to assist in reducing the cost of providing local services, particularly in the more rural counties. They are concentrating on promoting a public/private partnership at the local level as a basis for developing the Region's economy.

Regional Procurement Outreach Program

ARC assisted the Northwest Pennsylvania Regional Planning and Development Commission in establishing an eight-county regional procurement outreach program. Fully operational in FY 1988 and now supported with funds from the Departments of Defense and State, the program has over 200 clients.

By the end of 1988 the program handled $96 million in government contracts. The program provides technical assistance from "how to do business with the government", bidder's assistance to instruct businesses on "how to fill out government invoices."

South Carolina

Four South Carolina communities have a program to consolidate basic government services through computerization. During the first year of operation the South Carolina Council of Governments assisted in the automation of basic functions and trained representatives of municipal governments in the use of computers through an intensive technical assistance program.

ARC Exposition

The wide variety of products manufactured in the Appalachian Region was showcased at an exposition co- sponsored by ARC and the Development District Association of Appalachia in Washington. Thirty-seven of the districts displayed "homegrown" products from 234 Appalachian manufacturers. The products displayed included such diverse items as shoes, pasta, outboard motors, machine tools and fine wines. The purpose of the exposition was to demonstrate the capacity of the largely rural Appalachian Region to compete with other regions and Nations in quality and variety of products.

Health Program

Health: In the past two years ARC has had limited involvement in supporting operational health-related activities in the Region. However, a number of Region-wide studies have been conducted to insure that gains made during the Commission's 20-year health program are protected.

A Commission-sponsored study looked at the impact changes in the Medicare Prospective Payment Reimbursement System (PPS) were having on rural hospitals. The results of the study raise doubts about whether the intended economies of the program are actually occurring. This could be because Medicare policies are not very effective in reducing inpatient hospital utilization. Several specific inadequacies which differentially affect urban and rural hospitals were detected in the Medicare reimbursement methodology. The most rural sole provider hospitals in Appalachia have been relatively under-compensated by the Medicare system. However rural hospitals in Appalachia and in the rest of the country were not found to have experienced increased financial instability. This study was designed in part in consultation with Medicare officials with Congressional input. The results are being shared with States and other appropriate interested organizations. The study also provided insight into the problems experienced by rural hospitals as the Commission considers ways to improve access to health care in the Region.

The Commission has begun a major research initiative focusing on continuing care for the elderly. Communities are experiencing migration of former residents who left the area years before and now are returning. Because these individuals will most likely place unique demands on local institutions and resources, the study will help provide relevant information that can be considered when communities prepare rural development strategies.

Because changes in demographics, reimbursement system, medical technology, Federal manpower programs and medical malpractice insurance are affecting the cost and organization of health care, the Commission believes future health initiatives should seek to develop "Rural Health Partnerships" and confront the problems of infant mortality and health professional recruitment and retention.

Education and Training Activities

Education and Training: Of the 397 counties in the Region, 303 are small, rural, non-metropolitan counties. Included in these rural counties are; approximately 2 million students; over 4,000 schools; and nearly 650 school districts. Many of the counties are sparsely populated with an entire school district serving 2,500 students and the average school serving 400 students.

Rural communities have been hampered in their development efforts by high dropout rates, low educational attainment of adults, low rates of matriculation for higher degrees, a lack of leadership development training and the inability of vocational and technical schools to keep pace with the skills required by the changing workplace. Given these barriers to development, ARC invested $6 million in 1988 to address these issues.

Following are some current activities:

ARC's dropout prevention initiative initiated in FY 1985 now includes nearly 150 programs. During FY 1988, 31 new dropout prevention programs were funded and 41 were able to continue in 12 States. ARC Funds were invested in workplace literacy and/or adult literacy programs in Mississippi, North Carolina, Pennsylvania, South Carolina and Tennessee.

Writing to Read Projects

55 Writing to Read (WTR) projects were funded in West Virginia, Virginia and Kentucky school districts. Hardware and training were provided by IBM. This early intervention program will prevent costly future remedial education.

West Virginia Academic Center

The Preston County, West Virginia Academic Center was established to provide high-quality academic and advanced placement courses to rural high school students. Operational in 1988 the center offers advanced courses in math, science and foreign languages not available in their home schools to students of the county's five high schools.

Technology Program	Grants designed to help local work keep pace with technology were awarded to Itawamba Community College for an automated furniture manufacturing technology program and Northeast Mississippi Community College for a quality control technology program. These Mississippi programs serve not only college students but also the companies in the area.
	Education Initiatives:
Technical and Manpower Training	Technical and Manpower Training: The Commission will continue to address the need to upgrade the vocational system and technical colleges to train entry-level employees, the unemployed and underemployed. Assistance for programs to increase attendance in colleges and professional schools will be provided. As part of this effort assistance will be provided to community and four-year colleges to develop programs to improve the productivity and competitiveness of small and medium manufacturing firms.
Basic Education	Basic Education: This partnership effort with the private sector will establish learning sites in isolated rural school districts to improve science and mathematic instruction; provide assistance in restructuring schools so that students not only stay in school, but receive quality education; and continue school dropout prevention and adult literacy programs.
Research and Technical Assistance Program	Commission Research and Technical Assistance: The Commission's Research and Technical Assistance Program primarily provides direction for future rural development. Projects completed in FY 1988 included: ARC commissioned SRI International to study the economic dynamics of Appalachia and assess the Region's strengths and weaknesses. SRI confirmed Commission rural development policy direction and recommended a "new economic infrastructure" based on technology innovation, human resources and capital investment. The report advocates a shift away from traditional economic development activities focused on luring industries, saying rural development should build on the existing industrial base by modernizing and developing new processes and products.
Rural Schools Report	The Commission released a report assessing the impact of school reform on rural schools. The study indicates that the unique characteristics of rural school districts are influenced by the economic outlook of the community. The report cites the need for training and leadership development among teachers, administrators and other school officials. Other findings included: a shortage of mathematics and science teachers, costs in rural areas being driven up by low enrollment and transportation costs and rural schools continuing to be organized as they have been for at least 100 years.

Joint Activities

In conjunction with the Tennessee Valley Authority ARC sponsored a conference on the use of wetlands as waste-water treatment for solving a broad array of water pollution problems. Given the scarcity of resources at the Federal, State and local levels, less costly methods for waste-water treatment are essential if many small rural communities are to survive economically.

The University of North Carolina and ARC held a conference on the social and economic impact of retiree migration. With the retiree population growing it is important for communities to understand the issues affecting retirees, who frequently select smaller, more rural communities with less congestion and lower taxes for retirement. ARC, the Economic Development Administration and the National Council for Urban and Economic Development co-sponsored a conference on Alternative Approaches to Financing Business Development. The objective was to provide local businesses ideas on how to meet their financial needs without Federal support. These topics are particularly critical for the Region's small rural communities which lack the tax base of urbanized areas.

Current Research:

Increases in Retiree Population

The number of retirees maintaining and establishing residences in the Region is expected to increase. To meet the demand for services rural communities must prepare to handle this population increase. Particular importance in this study is given to continuing care retirement centers. Three case studies of potential continuing care retirement center development in different types of Appalachian communities will be included in the study.

Manufacturing

A survey is being made of manufacturing plants which have recently located in the Region is underway to determine the factors influencing these plants in choosing an Appalachian location.

Displaced Workers

High unemployment continues to plague many Appalachian communities especially in some of the smaller rural communities where a single manufacturing plant was traditionally the community's largest and sometimes only employer. Many of these plants have closed, leaving workers unemployed for long periods of time. The Commission is studying how to help workers who have experienced with substantial and persistent unemployment achieve stable, productive employment.

Small Business Development

The Pennsylvania State University Division of Research is examining the performance of 45 incubators and subdivided multi-tenant buildings as vehicles for small business development. Data from a previous ARC research project on characteristics of new firms in Pennsylvania are being incorporated in the research.

Interstate Commerce Commission

Many of the Interstate Commerce Commission's (ICC) regulatory responsibilities involving rail, motor carrier and bus transportation impact on rural communities and their development. Overall the ICC believes the various transportation actions undertaken by the Commission to promote an efficient, competitive and broad reaching transportation network have had a positive impact on Rural America.

Staggers Rail Act

Since the Staggers Rail Act of 1980 (Staggers) the Commission's overall rail policy has been directed toward revitalizing the rail industry which is an important source of transportation to rural areas. Through the exemption process permitted under Staggers, the Commission has continued to facilitate the acquisition of unprofitable or marginal rail lines that might otherwise be abandoned. The acquisition of these rail lines by short lines has helped preserve needed rail service in many rural areas.

Close to 200 new short-lines have been established since passage of Staggers, almost all involving the sale by larger railroads of marginal or unprofitable light-density line segments generally serving rural areas. A joint ICC/USDOT survey of shippers served by these short-lines is nearing completion. Survey forms have all been returned and analyses are underway. Preliminary results show that the vast majority of shippers now enjoy rate and service levels at least as good as before establishment of their short-lines with many shippers offered rate and service improvements. The Commission has also issued a brochure to assist rural shippers and communities evaluate potential short line operations. The brochure has been sent to thousands of interested parties in Rural America.

Rail Contract Rates

Rail contract rates is another area in which the Commission has helped to facilitate the continuation of economical transportation to rural areas. Specifically, the Commission has designed rules to promote more efficient rail transportation through the use of rail contract rates which were permitted by Staggers. Over the past eight years there has been significant use of contract rates for grain movements by rural shippers. The Commission's February 1987 study of grain contracts found that on balance grain farmers have realized increased prices for their products because of rail contracts. The Commission will continue to monitor contract rate activity and to assess whether any changes in our contract rules are necessary to promote the efficient use of contract rates. The Commission maintains a Contract Advisory Service to assist rural shippers and short-line railroads understand the contract rate process.

A major concern of rural communities is railroad car supply, particularly for grain shipments. The Commission monitors car supply problems and when necessary facilitates distribution of cars to shippers. The Commission encourages railroad initiatives that improve car utilization, thereby increasing car supply to shippers.

The Commission continues to provide States with essential rail waybill data for all traffic which originates, terminates or passes through the State. This waybill information is used by States to assess and identify rural transportation activity and needs and to assist in transportation planning. The Commission makes Nation- wide waybill data available to USDA for purposes of assessing agricultural movements throughout the United States. The Commission will continue to provide needed waybill data to USDA and other entities such as USDOT, States and other regional transportation planning agencies.

The Commission has been working to establish methods to determine rate reasonableness for non-coal movements of market dominant traffic which would impact small shippers in rural areas. These methods would be particularly relevant to our rail rate regulatory responsibilities in rural areas for commodities such as grain. For example, based on these guidelines the Commission recently awarded reparations to a small scrap metal shipper in rural Texas and also prescribed lower rates on future shipments.

Motor Carrier Act

The Motor Carrier Act of 1980 (MCA) relaxed entry requirements for motor carriers in order to foster a more competitive, efficient and expansive motor carrier system. In implementing the new regulatory standards under the MCA the Commission issued new operating authorities to tens of thousands of truckers and also removed service restrictions on existing operating authorities. As a result numerous motor carriers expanded their operating authority with thousands of carriers now holding 48-State general commodities authority. This has enabled the trucking industry to more effectively serve rural areas and provide many rural shippers with formerly unavailable single carrier service for the movement of their freight. The MCA also required the Commission to undertake a thorough investigation of trucking service to and from small communities and report the findings to Congress. This report which is referred to as the Commission's Small Community Service Study was completed in 1982. The Commission concluded that while regulatory reform had caused no dramatic changes in small community truck rate or service levels, those that did occur were generally favorable.

The Commission has regulatory responsibilities with respect to intercity bus service which many times proves to be the primary public means of passenger transportation in rural areas. The bus industry has been in a state of decline for over twenty years. This is primarily due to the advent of the private automobile. Service to rural areas has deteriorated over this period. Last June the Commission approved without conditions the merger of Greyhound and Trailways in hopes of helping address this problem. The Commission stated that passenger needs would be met by approval of the merger through the preservation of service that might otherwise have been in jeopardy of discontinuance.

Cooperative Activities

The Commission's Office of Transportation Analysis (OTA) will continue to monitor ongoing developments in the intercity bus industry and will periodically issue status reports. OTA's staff has actively participated in a series of USDA-sponsored symposiums on rural intercity passenger transportation and has developed useful and informal contacts with USDA personnel with respect to rural passenger transportation issues.

Tennessee Valley Authority

The Tennessee Valley Authority (TVA) has had a long and active involvement in rural development. TVA will continue to emphasize that rural development is one of the organization's most important functions being both a National demonstration and a regional development agency.

TVA has identified "seven critical needs" which the Agency believes to be the basic causes of the growing economic gap between southern metropolitan areas and many of our rural communities. The "critical needs" center on: strengthening rural economic leadership; the maintenance of a competitive manufacturing sector; the expansion of the service sector; strengthening and augmenting rural infrastructure; expansion of the natural resource based employment; the upgrading of literacy and job skills; and the leveraging capital investment.

The rural development activities of TVA center around and focus on these needs. The prime objective of TVA's rural development program is to help improve the economic well-being of our rural citizens and help make their communities more desirable places to live.

USDA Rural Development Strategy

Revitalization Task Force

Overshadowing the many individual Agency initiatives and activities referred to in other sections of this report will be the establishment of a Department-wide "Revitalization Task Force" (RTF).

The RTF will be charged with developing a comprehensive, budget neutral, Department-wide Rural Development Policy and Plan of Action. Each relevant agency will detail representatives possessing program knowledge and expertise in rural development to the task force. The term of the task force will be 60 days from establishment with a target date of June 30, 1989 for the completion of the Plan of Action (POA) to be presented to the Secretary.

To develop this POA the task force will:

Program Inventory

Prepare an inventory of all programs that impact Rural America, with particular attention to economic development and revitalization. Each program will be assessed for effectiveness in meeting the real or perceived need and if necessary recommendations to "fix" the programs will be presented.

Develop a Matrix

Develop a matrix of "compatible" programs that complement each other and identify programs that represent a duplication of effort so as to achieve greater efficiency and effectiveness from the limited available resources.

Action Plan

Recommend a "management plan" that provides proper authority to direct and coordinate the "Plan of Action" on a day-to-day basis.

In addition to the task force and any recommendations thereof, the Department will also initiate the following activities in 1989:

Joint Demonstration Project

Cooperation Demonstration Project: A committee of Federal Agencies (FmHA, SBA, EDA etc.) will work with a diverse sampling of interested States to inventory Federal/State programs to determine if certain programs might be made to work together more efficiently and effectively. The information obtained in these demonstration projects may prove useful in the amendment of current programs and policies and provide insight into the determination of future policy.

Memorandum of Understanding

Government-Wide Memorandum of Understanding (MOU): The Department will seek to develop a "Federal Rural Development MOU" that will foster greater cooperation among Federal entities in the collective rural development effort. This MOU will be modeled after the existing memorandum between the Farmers Home Administration and the Small

Liaison Program

Business Administration.

Town Meetings

Rural Development Liaison Program: The Department will seek to develop a more or less permanent staff level liaison with several pertinent organizations that represent various interests and positions.

Conferences

Rural Development Town Meetings: Another series of "Town Meetings" will be held this year. This is an important and effective way to find out what is really going on in Rural America. As with the prior series of meetings the information obtained will be used to formulate future rural development policy.

Regional Rural Revitalization Conferences: The Department will pursue holding conferences in the North, South, East, West and Midwest to update and guide USDA's personnel involved with rural development. The conferences will be open to other Federal Agencies, State Officials and any other interested individuals or organizations.

National Rural Revitalization Conference: The Department will hold a National conference to address rural development issues. This conference will serve as the follow-up to the Regional conferences. The first USDA National conference was held in July 1988.

Conclusion

Rural America is a vital, dynamic and integral part of the Nation's and indeed the World's economy. Less than two percent of the American people produce the food and fiber required to feed not only this Nation but a sizable portion of the rest of the World. It is almost beyond comprehension that American Farmers are that good at what they do! But there is more to the story.

This report and others like it show graphically that Rural America is far more than traditional agriculture. Rural America is manufacturing, service, tourism, industry and yes, a way of life. Rural America is small towns and knowing your neighbor. It is a place of special and admirable values. It is a place of spirit, strength and civic pride. It is like no other place on Earth, it is uniquely American.

The time is now to make the other segments of the rural economy as strong and vital as agriculture. Rural America is well on its way to making this a reality. And Rural Americans are making it happen themselves and for the best of all reasons. Rural America is where they have chosen to live, work and raise their families. They have the most "personal" stake of all in revitalizing and diversifying the rural economy.

This report outlined the vast array of Federal resources available to Rural America. The report showed that Federal resources aren't the only tools to address the problems and issues attendant to the rural economy. The more important "resources" are those born of local leadership and initiative and of private sector commitment and involvement. They are the "resources" of civic pride, dedication and determination to make something happen. They are the Signs of Progress.

These "resources" that are the Signs of Progress are ones that must be present and are the very ones Government cannot provide. Government can, should and does augment and support these State and local "resources." When and where these many "resources" come together in a collective and cooperative effort rural development and revitalization take place!

The Department of Agriculture and indeed the Federal Government has long been committed and aware of the special and unique needs of Rural America. As this awareness heightens, the commitment will continue to help Rural America meet the challenges of the 1990s and beyond.

1990 Rural Development Budget

On January 9, 1989 President Ronald Reagan submitted his 1990 Budget to the Congress. The President's Budget complies with the deficit reduction targets established by the Gramm-Rudman-Hollings Act. The 1990 Budget allows for the continuation of the Departments rural development initiative through the provision of Federal resources for loans, loan guarantees and grants to rural areas for the development of public facilities and a wide range of activities that promote economic development and well-being.

The Budget includes funding for the following Farmers Home Administration (FmHA) rural development programs: Water and Waste Water Disposal loans and grants; Community Facility loans; and Business and Industry loan guarantees. In keeping with the deficit reducing measures of Gramm-Rudman-Hollings budgeted funding is below 1989 levels.

In 1990 $50 million of the $250 million Water and Waste Water Program would be in the form of loan guarantees. The Budget makes the Community Facilities Loan Program completely guarantee in 1990. Making these guarantee programs will encourage private sector participation in the development process.

In addition to the FmHA programs around $800 million of HUD's Community Development Block Grants will be directed to small communities. The Environmental Protection Agency provides some funds for the construction of waste water facilities in rural areas.

Other Department of Agriculture programs that are funded in the 1990 Budget are the Soil Conservation Service's Resource Conservation and Development Program and Water Resource Management Program. Funds have been requested to continue the Extension Service's involvement in rural development related activities.

President Reagan's 1990 Budget advocates the reform of various programs including the replacement of the rural housing loan program with a voucher system program that will more efficiently and effectively meet the housing needs of lower income rural residents. The voucher system makes the recipients "consumers" and affords them the opportunity to choose where they wish to live. $100 million is provided in the Budget for Multi-family housing activities.

The 1990 Budget replaces REA's direct electric and telephone loan programs with a loan guarantee program.

President Reagan's 1990 Budget is mindful of the statutory requirement to reduce the deficit and demonstrates a strong commitment to Rural America by providing a broad assortment of resources and services to the Nation's rural residents.

☆ U.S. GOVERNMENT PRINTING OFFICE: 1989-620-821/00991